FINANCIAL TIMES

Designs on profit
The off-the-shelf world of Ikea
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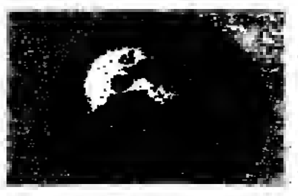

Hot topic
Gobal warming takes off in Berlin
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World Business Newspaper — MONDAY MARCH 27 1995 — D8523A

China warned to clamp down on foreign borrowing

China should heed the lessons of the Mexican financial crisis and further restrain foreign borrowing, which reached $100bn at the eod of last year, a senior Chinese economist has warned. Zhou Shijian, deputy president of the International Trade Research Institute, said that China's debt service ratio was deteriorating and he urged the government to clamp down on enterprises and institutions raising capital abroad. Page 18

Atlanta is second busiest airport: Atlanta has overtaken Dallas/Fort Worth and Londoo's Heathrow to become the world's second busiest airport after Chicago's O'Hare. Page 2

Global warming dangers detailed: An increase in natural disasters caused by global warming could bankrupt some insurance companies, Reinsurance Association of America presideot, Frank Nutter, warned at a conference organised by Greenpeace. Page 18; Guide to global warming, Page 11; Editorial comment, Page 17

UN evacuates Kurds from Iraqi border

The UN evacuated more than 1,000 Turkish Kurd refugees, mostly women and children, from the Iraqi border town of Zakho as Turkey pressed its anti-rebel drive in northern Iraq. Turkish president Suleyman Demirel (left) said his country's occupation of northern Iraq could last up to a year.
Turkish foreign minister named, Page 3

Canada to renew 'fish war': Canada was preparing to renew its "fish war" against the EU by acting against Spanish trawlers in a contested area of the north-west Atlantic. Page 6

Jospin attacks Chirac promises: French Socialist presidential candidate Lionel Jospin launched an attack on Jacques Chirac, the Gaullist favourite for the April/May election, and poured scorn on his attempts to draw left-wing votes through promises of social reform. Page 2

Healthy P&O profit predicted: Peninsular & Oriental Steam Navigation Company is expected to report an impressive profit increase for 1994. Analysts predict pre-tax profits of £320m-£355m ($513m-$570m). Page 19

China challenged on HK court: Hong Kong governor Chris Patten challenged China to explain why it objects to a plan to establish the colony's highest court before the 1997 handover. Page 4

Cuba signs nuclear weapons treaty: Cuba, where the siting of Soviet missiles in 1962 brought the US and the former Soviet Union to the brink of nuclear war, signed a treaty banning nuclear weapons in Latin America and the Caribbean. Page 6

Proposed Gazprom sale postponed: The planned sale of shares in Russian gas giant, Gazprom, to western institutional investors has been put on bold until market conditions improve. Advisers Kleinwort Benson will target international oil, gas and chemical companies. Page 19

Thailand warns on lending: The Bank of Thailand has sent a strong warning to the country's domestic and foreign banks to reign in lending to within the target loan growth rate of 24 per cent for the year. Page 4

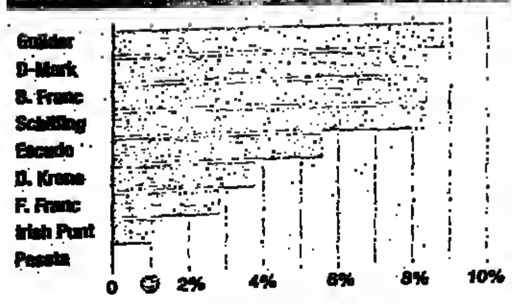
FAO criticises trade deal: Low-income developing countries which import foodstuffs are likely to be significantly worse off as a result of the Uruguay Round trade deal according to the UNs' Food and Agriculture Organisation. Page 5

White House seeks Americans' release: The White House said it would work outside the UN for the release of two American defence workers sentenced by Iraq to eight years in prison for illegally entering the country after they streyed from Kuwait. Iraq spurns oil plan, Page 3

Schumacher wins opening Grand Prix: World champion Michael Schumacher, driving for Benetton, won tha opening Brazilian Grand Prix in Sao Paulo after Damon Hill spun off with gearbox problems 31 laps into the 71-lap race. Britain's David Coulthard, finished second in his Williams.

European monetary system: Tensions within the EMS eased last week as investors sold D-Marks after the currency's recent sharp gains. The spread between strongest and weakest currencies in the grid narrowed by nearly two percentage points and could narrow further this week if the Bundesbank decides to trim interest rates. Currencies, Page 29

EMS: Grid March 24, 1995



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in n 2.25 per cent band.

Germany to allow strong competition for telecoms

By Michael Lindemann in Bonn and Alan Cane in London

The German telecommunications market, the most lucrative in Europe, will be open to all qualified competitors after Deutsche Telekom's monopoly is dismantled in early 1998.

Guidelines to be unveiled today by the German telecoms authorities will indicate that licences to operate voice telephony in competition with Deutsche Telekom will be available to any companies satisfying specific criteria. These will include financial standing, telecommunications experience and ability to guarantee the integrity of the network.

The decision will be welcomed by many of the world's larger telecoms operators, including AT&T of the US and British Telecommunications and Cable & Wireless of the UK, which have been forming alliances with German companies to strengthen their position in the market prior to liberalisation.

There has been nervous speculation over the past few months over the number of licences likely to be awarded. Mr Wolfgang Bötsch, tbe German post and telecommunications minister, has decided against awarding only a set number of licences because of fears that this would violate a constitutional right of freedom of trade.

"We are not going to say that everybody who wants to can, but rather that everybody who wants to may, as long as they fulfil the criteria," an official said.

Most European countries will be forced to open their telecoms markets in infrastructure and services to competition after January 1, 1998. Only the UK and Sweden at present operate a fully liberalised market in Europe.

Deutsche Telekom is set to be privatised next year when some £6.2bn worth of shares will be put oo the market.

BT said yesterday that it welcomed Mr Bötsch's decisioo. It formed an alliance earlier this year with Viag, a diversified eoergy company which owns a 4,000km fibre optic network.

Other groups likely to feel the benefit are Thyssen, tbe steelmaker, which has formed a joint venture with Bell South of the US, Veba, an energy and chemicals group which has an alliance with Cable & Wireless and Daimler Benz, which is linked with Northern Telecom of Canada.

AT&T, the largest US carrier, is in talks with RWE, the large German utility, which has independently linked up with six smaller utilities to create a network to compete with Deutsche Telekom.

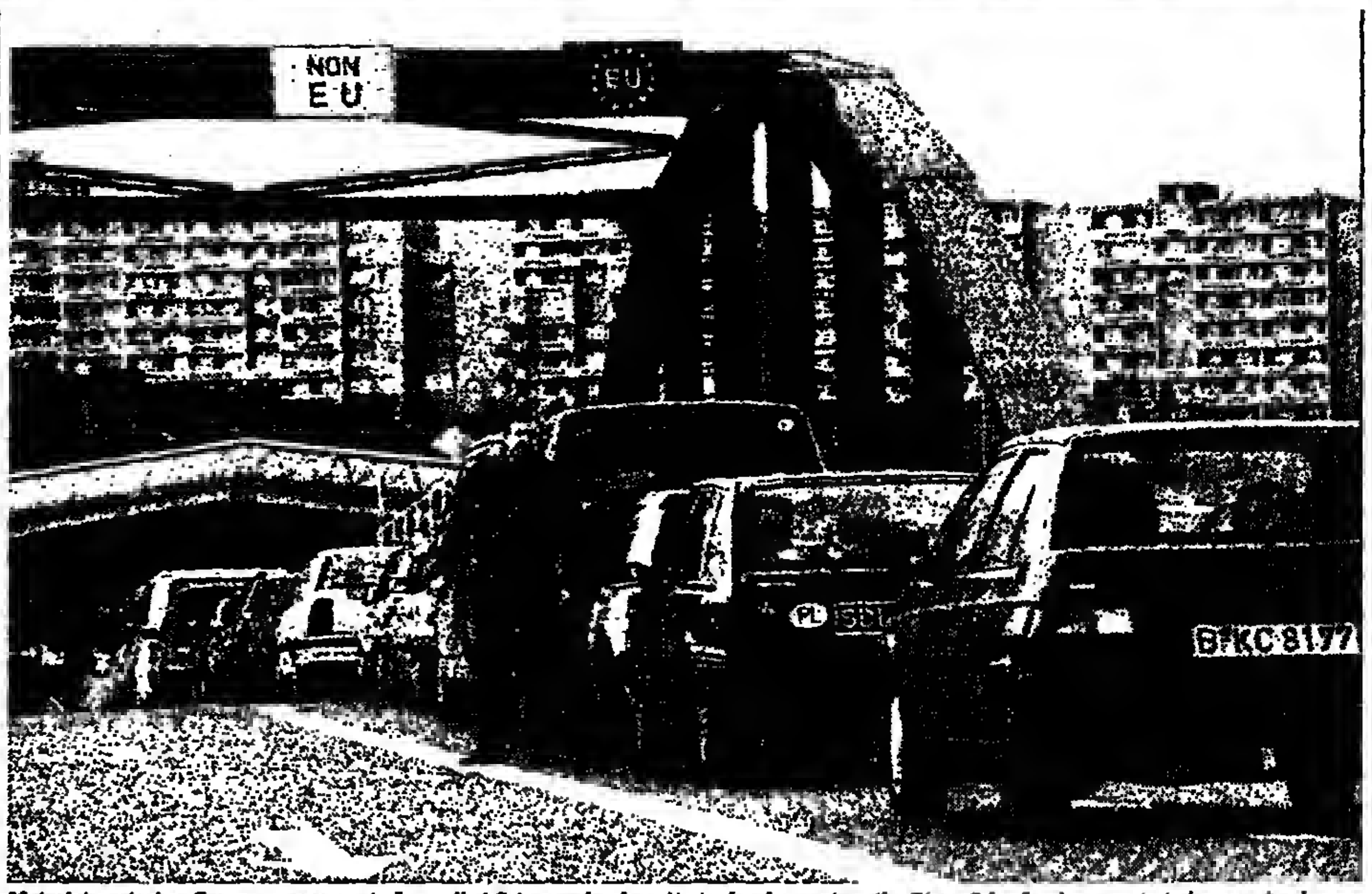
Mr Bötsch is expected to give further details of bow he envisages the structure of the German telecommunications market after 1998. The market is the world's third largest and was valued at some DM60bn ($43bn) in 1992 in terms of domestic sales.

His prescription is expected to be broadly in line with the second part of the so-called green book on the future of European telecommunications which was published by the European Commission in January.

German companies likely to offer telecommunications services to parts of the market – mainly corporate clients – would have to contribute to a fund that will assure the provision of nationwide telephone services, for example.

Mr Bötsch's guidelines will be worked into a first draft of a new law to regulate German telecommunications after 1996, expected to be ready in June. Licences could be given out early in 1997.

Telecoms changes put the squeeze on Bötsch, Page 2



Motorists entering Germany, now part of so-called Schengenland, wait at a border post on the River Oder for documents to be examined Reuter

Europe crosses a fresh border to a passport-free 'Schengenland'

Emma Tucker finds that the 'ring of steel' surrounding the European Union looks surprisingly pliable

At Ventimiglia railway station on the Italian-French frontier in the early hours of yesterday morning, the "ring of steel" external border round the European Union's new passport-free zone looked decidedly pliable.

On the day that seven EU member states – not including Italy – dropped internal border controls and passport checks, external borders were supposed to be reinforced to compensate.

However, the cool morning in Ventimiglia saw nothing like a thorough, old-fashioned frontier check. No young soldiers leaped on to the train to shine flashlights under the seats; no one even asked for passports.

Only a French policeman stuck his bead round the carriage door before the train's slow roll into so-called "Schengenland," named after the Luxembourg town of Schengen where the border-busting deal was sealed. It is a border-free swatbe covering Portugal, Spain, France, Germany and tbe Benelux countries, with Austria soon to join.

"Schengen does not exist yet," said tbe policeman. "It only applies at airports and ports," he went on, mistakenly. "On railways we will continue as before."

His cursory check was followed up by an inquiry from a young Italian policeman. "Hava they checked passports in this carriage yet?" he asked, sidling up to a passenger. "No," was the answer, at which he wandered back along the platform to rejoin his colleagues for a cigarette.

Italy hopes to participate in the passport-free zone next year, when it has sorted out technical and legal problems, but until tben it remains outside Schengenland.

Within Schengenland itself all appeared to be going according to plan. Not a passport was in sight as passengers checked in at Nice airport in France for the midday flight to Brussels.

However, with apologies from the management, travellers did have to go througb passport control before boarding tha aircraft.

Arrangements for separating off Schengen from non-Schengen passengers will not be in place for another three months at the airport.

On arrival at the newly expanded Zaventem airport in Brussels, wbere once blue-uniformed Belgians stoically opened passport after passport, a large board simply welcomed the Nice passengers to "Scbengen". At last, tbe free movement of people.

Or almost. Passengers flying in from tbe UK faced tbe old treatment, barred from the European dream by a government that remains wary of the external border's effectiveness.

Passports may have vanished for the bulk of European travel, but some things never change. First there is the money. There is now no formal border between France and Spain – but try asking a French taxi-driver to accept pesetas. Then there is the language. Wbile Belgian taxi-drivers are better linguists than most, few are conversant in German or Spanish.

Whatever the currency, you need plenty of it to combine free movement with swift travel in Europe. A one-way air ticket to Genoa in Italy from Brussels, plus a rail ticket to Nice and a flight back to Brussels came to a costly $800.

Benetton and Bonomi poised to take over Lotus

By Kevin Done and Richard Gourlay in London

The Bonoml and Benetton families, two of Italy's wealthiest indnstrial dynasties, are poised to acquire Group Lotus, the UK sports car manufacturer and automotive engineering consultancy, from Bugatti International, the tronbled Italian supercar maker.

Mr Andrea Bonomi, managing director of 21 Invest, a UK joint venture company formed last year by the investment bouses of the Benetton and Bonomi families, said agreement had been aigned for the deal, in which Lotus would be booght for £38m ($59m). The takeover was expected to be finalised this week.

Group Lotus was acquired by Bugatti 18 months ago from General Motors of the US after Lotus had suffered several years of substantial losses.

Bugatti, controlled by the family interests of Mr Romano Artioli, a 62-year-old Italian entrepreneur, is being forced to sell Lotus in response to its own growing financial difficulties.

Bugatti International, registered in Luxembourg, and its

Continued on Page 18
Chequered Lotus, Page 8

US executives paid nearly three times more than UK bosses

By William Lewis in London

Chief executives of US-based companies are paid nearly three times more on average than the highest-paid directors of UK-based companies similar in size and performance.

An independent study carried out by Professor Graef Crystal, an expert in American executive pay, has also found that the gap betweeo US and UK executive pay is greatest at companies with annual sales of more than $30bn.

"It is no surprise that US firms pay considerably more than British firms," Prof Crystal said. "But the USUK differential is not constant. It varies by company size with the greatest gap found wben tbe comparison involves the largest companies."

Prof Crystal found 16 companies in the US and 16 in the UK which could be matched in terms of type of industry, company size and returns to shareholders over the previous five years.

Using the latest remuneration details made available to shareholders, Prof Crystal compared the pay of the highest-paid director of each UK company with the pay of the chief executive officer at each US group.

His analysis found that in 1993 the US chief executives on average earned 2.7 times more than their British counterparts. For example, Mr John McGillicuddy, then chief executive of Chemical Banking in the US, was paid 8.3 times more than Mr Andrew Buxton, his counterpart at Barclays Bank, and now UK chairman.

According to Prof Crystal's calculations, Mr Buxton's "total direct compensation" in 1993, including share options and bonus payments, was $662,000 compared with Mr McGillicuddy's total remuneration of $5.46m.

The analysis also found that Mr Derek Wanless, UK chief executive of National Westminster Bank, was paid $912,000 in 1993, six times less than Mr McGillicuddy. Prof Crystal's analysis sbows that there are close similarities betweeo all three banks in terms of their size and five-year shareholder return performance.

Another example is Mr Sipko Huismans, UK chief executive of Courtaulds, who earned 2.7 times less than Mr Harold Wagner of Air Products & Chemicals. In 1993 Mr Huisman's total pay was $625,000 compared with $1.69m earned by Mr Wagner.

There has been widespread criticism in the UK of pay awards for directors of public companies. The UK governmeot has said it may introduce legislation following the completion of a study of top hosses' pay by the Greenbury committee, a group of senior industrialists headed by Sir Richard Greenbury, chairman of Marks and Speocer.

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh16	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira80	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso60	Switz	SFr3.60
Estonie	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fls.625	Portugal (m'land)	Es230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

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NEWS: INTERNATIONAL

Telecoms liberalisation puts squeeze on Bötsch

Michael Lindemann talks to the German minister preparing for an end to monopolies in 1998

Mr Wolfgang Bötsch, the German post and telecommunications minister, is rapidly becoming one of the most prominent ministers in the German cabinet.

Running a telephone network and making sure that letters arrive on time are seldom the most important jobs in government but the song and dance about telecommunications in Germany - the world's third largest market - means Mr Bötsch is getting more attention than he could have dreamed of.

He has just returned from a week-long tour of south-east Asia, where, accompanied by executives from several of Germany's biggest companies, he sealed an important telecommunications deal in Indonesia and pitched for more business in Thailand.


Bötsch: man in middle

At the end of this week he makes a lightning trip to Washington, the first of two, during which he hopes to persuade US politicians that the German telecommunications market is not as closed to foreign competition as they claim.

The limelight is focused on Mr Bötsch, a lawyer who has been doing the job for just over two years, for good reason.

He is having to mediate between powerful political pressures.

On the one hand, Mr Theo Waigel, the finance minister and a fellow Bavarian, has written to him warning him against any ambitious plans to open up parts of the German telecommunications market before 1998, when telephone monopolies will fall across most of Europe.

Too much competition might jeopardise the forthcoming privatisation of Deutsche Telekom, the world's third largest telecommunications operator, Mr Waigel said.

Also readying for a fight are a formidable array of German companies which have teamed up with international partners, and Mr Günter Rexrodt, the economics minister.

They are prodding the ebullient Bavarian to open up parts of the market to competition before 1998, arguing that greater competition will cut telecommunications costs for German industry and give German companies a better launchpad from which to break into the European telecoms market in 1998.

Most of the headlines have been caused, however, because Mr Bötsch stands accused of too much political interference at Deutsche Telekom, causing in part the resignation last December of Mr Helmut Ricke, the company's chief executive, who said civil servants were making his life too difficult.

In February, after more protests from German industry, Mr Bötsch was forced into a humiliating admission of guilt and withdrew Mr Gerhard Pfeffermann, one of his top civil servants, from Deutsche Telekom's non-executive supervisory board.

But the minister, a combative politician after years as the chief whip of the Christian Social Union's parliamentary party, is not about to apologise for the fuss about the Pfeffermann appointment. "It's better that a politician admits that he didn't notice the problems beforehand but still sorts them out in time," he said during an interview.

He seems, instead, to think that he has got over the worst patches of the long haul on the way to a deregulated German telecommunications market.

Last year he badly needed the support of the opposition Social Democratic party, which was determined to keep Deutsche Telekom in public ownership, in order to muster the two-thirds parliamentary majority needed to change the constitution and allow the state-owned operator to be turned into a joint stock company.

The job was not easy, Mr Bötsch insists. "One had to take a politician with the sort of experience that I have to get anything done at all."

Now all he has to deal with is a regulatory council which represents parliament and the 16 German Länder (states) and has a say in how exactly policy is developed between now and 1998. Working with the council is going to be easier than with parliament, Mr Bötsch says, because a government decision will be enough to overrule the 32-strong body if it decides to drag its feet.

But the fight may not be over so quickly. One of the reasons Mr Bötsch is hurrying across the Atlantic is to persuade US regulators to allow Deutsche Telekom to take a stake in Sprint, the third biggest US long distance carrier.

The Sprint stake would turn the German operator into a player in the global telecommunications industry, making its shares more attractive, but the US authorities insist Germany must first go further in deregulating its own market.

And the European Union is demanding that Deutsche Telekom sell off its cable television network, Europe's largest, to which 14.5m households are connected, in order to improve competition in Germany. Here too Mr Bötsch will be under pressure not to give way, but in order to do so he will need every bit of his political skill.

French candidates go on the road

Balladur hosts *fête* with dry ice and bungee jumps

By John Ridding in Paris

FRENCH ELECTIONS April 23/May 7

Mr Edouard Balladur, France's sober, patrician prime minister, is not best known for his parties. But this weekend he played host to the *Fête à Edouard*, a national rally in which he shared the billing with rock and hip-hop bands, Caribbean rum bars and fairground attractions.

There was serious business behind the festivities at Le Bourget, north of Paris. The rally, which drew more than 15,000 people and was the biggest the premier has held in his bid for the presidency, marked an attempt to reignite his flagging campaign. Its style reflected a shift in strategy, as the prime minister seeks to broaden his support, shed his lofty image, and reverse the dramatic decline in the polls which has left the one-time favourite struggling in the wake of Mr Jacques Chirac, his Gaullist rival.

"Balladur is in search of a populist touch and is raising the vigour of his campaign," says Mr Pascal Perrineau, director of French political studies at Science Po, the research institute. "One of his biggest weaknesses has been the impression that he is an aloof technocrat, distant from the people. So he is responding by more activity on the ground. This is all the more vital because of Chirac's populist strategy."

Hence the new-style rally, with a special emphasis on drawing the youth and women's votes, and hence a more dynamic, pugnacious stance towards his opponents. Taking the stage after a warm-up act by a Caribbean rock band and a blast of dry ice, Mr Balladur attacked the "demagoguery" of Mr Chirac, whom he accused of offering false promises to the French people. Turning his fire on Mr Lionel Jospin, the Socialist candidate, who is running neck and neck with the premier in the polls for the April/May election, Mr Balladur disparaged the legacy of 14 years of a left-wing presidency.

In trying to reverse his fading fortunes, Mr Balladur can find some encouragement. Latest polls show that up to 40 per cent of voters have still to decide and that the decline which has dragged the premier from pole position has stabilised, but at a low level. "In most polls there is now a 6-10 point gap between him and Mr Chirac," says Mr Perrineau.

Mr Balladur has little time to promote a new image. At Le Bourget, he cut an incongruous figure against the fairground attractions and New York style graffiti spelling out the word *Liberté*. As he jostled among the crowd in search of a second electoral wind, there were plenty of images of a rebound, from the bungee jumper by the entrance to Mr Lionel Pioline, the world trampolining champion. But like the bashful smile on Mr Balladur's face, the images did not quite seem convincing.


Hip-bop Balladur: How Le Monde sees the premier's new image

'Pardoned' Chirac promises health and long life

By David Buchan in Bordeaux

Old men may not forget, but they do occasionally forgive. And that is what France's longest serving mayor, Mr Jacques Chaban-Delmas, did on Friday when he invited Mr Jacques Chirac to Bordeaux town hall, his fief since 1947, and publicly endorsed Mr Chirac for the presidency.

There was transparent delight on Mr Chirac's face for being thus "pardoned" for leading the Gaullist party revolt in 1974 against "Chaban", who was President Georges Pompidou's prime minister, and handing the presidential election of that year to the non-Gaullist Valéry Giscard d'Estaing. If there has been one flaw in Mr Chirac's accusation that the prime minister, Mr Edouard Balladur, "betrayed" him this year in contesting his right to the Elysée, it has been that Mr Chirac behaved in the same manner 21 years ago.

In a broader way, Mr Chirac's weekend foray to Bordeaux, where he addressed a 7,000-strong rally on Friday night and spent Saturday morning talking to a small group of pensioners, showed his remarkable ability to rally young and old around him by hammering away at the need to improve both job and life expectancy in France.

Mr Chirac assured his cheering audience that he could put France back to work by breaking with the Balladur government's "static, accountant's vision" and by unleashing "the productive forces of the nation" to create jobs and so to prevent dole money draining the social security system dry.

But Mr Chirac's best line of the evening came in support of his rejection of the government's attempts to put a lid on health spending. Recalling that in little more than a century, French average life expectancy had risen to 80 years at the rate of an extra year in life expectancy every four years, he went on to say: "You see, in the hour that I've been talking to you, you have gained an extra 15 minutes of life." The Bordeaux crowd loved it, as did a Paris audience the previous evening. Undoubtedly, Mr Chirac will go on cracking the same joke in the four weeks to the first round vote on April 23, for it encapsulates the "feel good" factor of his campaign.

Nowhere, of course, was Mr Chirac's health spending message better received than at the general assembly of the French medical profession on Friday. His "refusal to ration health care or put a ceiling on health spending" were music to the ears of a profession which Mr Balladur has put under strong pressure for two years to limit excessive drug costs and unnecessary medical operations. These reforms are aimed at curbing a rate of health spending that has grown twice as fast as the European average over the past 10 years, and a doubling since 1978 in the number of drugs prescribed and operations undertaken.

According to an independent report by a British pharmaceutical consultant, Mr Heinz Redwood, the Balladur reforms constitute "a promising start" to health reform in France, and deserve backing from the drug industry, which might otherwise one day be hit by compulsory controls.

But the same gathering of doctors gave Mr Balladur a very lukewarm reception when he warned them of the "heavy risks" involved in thinking that France's health spending could go on rising faster than its national output. Both the doctors in Paris and the pensioners in Bordeaux made clear that they prefer Mr Chirac's bedside manner to Mr Balladur's.

What the Bordeaux rally did confirm was the electorate's lack of interest in foreign or even European policy. Perhaps in deference to the presence of Mr Alain Juppé, the foreign minister, at his side, Mr Chirac spoke at some length about France's relations with the outside world, but only scored two cheers from an audience that had gone suddenly listless.

The first was when he demanded a tougher European trade policy so that the US would no longer get away with "taking our wines hostage" in trade disputes. Inevitably, this went down big in Bordeaux wine country. The second was his insistence on bringing the Brussels Commission under tighter political control, as he claimed Mr Juppé had succeeded in doing under the 1993 Gatt negotiations.

The cheer was probably less for policy than for Mr Juppé, who has been Mr Chirac's long-time lieutenant in Paris politics but who looks certain to inherit Bordeaux town hall from "Chaban" in this June's municipal elections. If Mr Chirac wins the presidential election, Mr Juppé is also tipped to be his prime minister. Thus, as "Chaban" did a generation ago, he may end up running the country and Bordeaux at the same time.

Jospin scoffs at 'social reformer' rival

By John Ridding

Mr Lionel Jospin, the Socialist candidate for the French presidency, yesterday launched an attack on Mr Jacques Chirac, the Gaullist favourite for the April/May election, and poured scorn on his attempts to draw left-wing votes through promises of social reform.

Mr Jospin sought to defend his territory on the left of the political spectrum, criticising Mr Chirac's overtures to the underprivileged. "There is a candidate who is saying that he no longer belongs on the right, who wants to erase the left-right divide," the Socialist candidate said in a televised interview.

Mr Jospin said he had always fought for social justice and equality since his days as a student and sought to ridicule his rival's expression of social concerns. "Have yoo ever seen Jacques Chirac in a demonstration, except perhaps in support of private schools? Has he ever taken part in a strike?" asked Mr Jospin. "He has had a political career as a man of the right."

The criticism reflected the importance of social issues, such as unemployment and homelessness, in the election campaign. Mr Jospin said he would declare a right to housing if he came to power. "I cannot bear any longer seeing increasing numbers of men and women, often young people, sleeping on the street," he said, promising big construction projects.

Atlanta now world's second airport

By Michael Skapinker, Aerospace Correspondent

Atlanta has overtaken Dallas/Fort Worth and London's Heathrow to become the world's second busiest airport after Chicago's O'Hare, according to figures published today.

The Geneva-based Airports Council International says the number of passengers passing through Atlanta airport last year rose 13.9 per cent to 54.1m. Passenger numbers at O'Hare were up 2.1 per cent to 66.4m.

Dallas/Fort Worth was the third busiest airport last year, with 52.6m passengers, up 5.9 per cent. Heathrow, in fourth place, saw passenger numbers grow 8 per cent to 51.7m. Heathrow is the world's busiest international airport but has fewer domestic flights than its US competitors.

Los Angeles was in fifth place with 51.1m passengers, followed by Frankfurt with 35.1m.

In 1993, Chicago was in first place, followed by Dallas/Fort Worth, Heathrow, Los Angeles and Atlanta.

Airports in the US handled more aircraft last year than their counterparts in Europe. This reflects the smaller aircraft used in the US on domestic routes, with fewer passengers per flight.

Chicago saw 882,112 aircraft movements last year. Heathrow was in 17th place, behind other US airports, with 424,551.

The world's fastest growing airport was Seoul, which saw passenger numbers rise 19.6 per cent to 27.3m. Las Vegas airport increased 19.2 per cent to 26.8m and St Louis, Missouri, grew 17.3 per cent 23.4m.

Total passenger traffic at airports worldwide grew 8 per cent last year to more than 2bn. The fastest growth, albeit from a small base, was in Africa, where passenger numbers rose 9.5 per cent to 13.7m.

The Pacific region recorded the second highest level, up 8.8 per cent to 267.9m. North American traffic was up 8.6 per cent to 998.3m. European traffic rose 8.3 per cent to 632.3m.

Cargo figures, seen as a more reliable economic indicator, told a different story. Asia showed the strongest rise at 13.8 per cent, ahead of North America at 13.5 per cent, the Pacific region at 13.1 per cent, Latin America and the Caribbean at 12.5 per cent and Europe, where cargo rose by 11.1 per cent. However, Africa reported an 11.2 per cent drop in cargo tonnage for the year.

ACI said 401 airports participated in the survey.

ACI is an association of more than 420 international airports and airport authorities, running close to 1,000 airports in over 140 countries.

Top ACI airports by passenger traffic 1994

Airport	Passengers (million)	Per cent change
Chicago	66.4	2.1
Atlanta	54.1	13.9
Dallas/Ft Worth	52.6	5.9
Heathrow (London)	51.7	8.0
Los Angeles	51.1	6.7
Frankfurt	35.1	8.0
San Francisco	34.5	5.4
Denver	33.1	1.5
Miami	30.2	5.4
New York	28.8	7.5
Paris (CDG)	28.6	10.7
Newark	27.9	7.5
Seoul	27.3	19.8
Las Vegas	26.6	19.2
Detroit	26.7	10.7

Source: Airports Council International

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NEWS: INTERNATIONAL

INTERNATIONAL NEWS DIGEST

Iraq rejects plan to modify UN oil sanctions

Iraq yesterday rejected a new US and British proposal to modify United Nations sanctions to allow Baghdad to sell oil worth $2bn (£1.2bn) and use the proceeds for humanitarian purposes.

The deputy prime minister, Mr Tariq Aziz, denounced the new plan as an American manoeuvre to prolong sanctions and said the plan gave Iraq too little money and interfered with its sovereignty.

The US and to a lesser extent Britain, lead efforts to keep sanctions, arguing Baghdad has not done enough to justify lifting them. Other western states that fought Iraq in the Gulf war are showing signs of dissent. *Reuter, Baghdad*

Refugees flee Burundi

Refugees from the Burundi capital continued to flee to Zaire yesterday following fierce armed clashes between the Tutsi-dominated army and ethnic Hutus at the weekend.

The exodus began after clashes in Bujumbura that the army blamed on extremists, who in turn blamed the military. Belgium and France advised their nationals to leave Burundi early for Easter, but said they did not plan to order an evacuation. President Sylvestre Ntibantunganya told Radio Franca Info yesterday there had been at least 150 deaths.

Some estimates of the exodus put the number of refugees as high as 50,000, but this was denied by UN officials. In Nairobi, a spokesman for the UN High Commissioner for Refugees said 15,000 people had crossed from Burundi into Zaire from Friday night to Saturday night. Burundi's slide toward civil war began with a failed coup in October 1993, wheo soldiers assassinated the country's first Hutu presideot, Melchior Ndadaye. Ethnic fighting that followed left 50,000 dead. *AFP, Bujumbura*

Algerian assault over

Algerian security forces yesterday wrapped up a week-loog ground and air operation against Moslem fundamentalists after killing more than 300 extremists, according to local news reports. The operation, which has neither been confirmed nor denied by officials, was said to be the army's biggest since the bloody Islamic insurrection aimed at ousting the military-backed government was launched in early 1992. Press reports gave no details of losses by security forces but said a large amount of communications equipment and drugs was seized during the operation.

Armed Islamic groups in Algeria launched a guerrilla war against the secular, army-backed regime after the January 1992 cancellation of elections that the Islamic Salvation Front, now banned, was poised to win. *AFP, Algiers*

Manila action irks Beijing

The Philippines' seizure at the weekend of four Chinese fishing vessels in the disputed Spratly Islands in the South China Sea risks causing a chill in relations between Beijing and Manila. The latest irritation follows last week's destruction by the Philippines military of Chinese marker buoys in an area of the Spratlys claimed by both sides. On Saturday, Beijing criticised the Philippines for blowing up the marker buoys. The Foreign Ministry said: "This action will do no good in the settlement of the issue, nor will it do any harm to China's sovereignty over the Nansha [Spratly] islands."

A presidential statement in Manila said the fishing vessels were detained by a naval patrol boat and transport ship near Alicia reef. Talks last week in Beijing aimed at relaxing tension were inconclusive. Beijing says its sovereignty extends to 80 per cent of the South China Sea, including areas over which the Philippines, Vietnam, Malaysia and Brunei also have claims. Some of these areas are believed to be rich in oil. *Tony Walker, Beijing*

Chinese vehicle ventures

Delphi Automotive Systems of the US, one of the world's biggest automotive suppliers, expects to double investments in China this year to $100m (£61m). Mr JT Battenberg, president of Delphi, a division of General Motors, said the company was negotiating 20 projects and expected to make announcements of new ventures within the next month. Delphi was looking at involvement in the production of lighting items, steering equipment, air conditioners and chassis components.

Delphi is engaged in five joint ventures in China for the production of such items as electrical systems, ignition cables and cable assemblies.

Mr Battenberg was visiting China for the launch of technology institutes in China as part of General Motors' effort to re-establish itself in the world's fastest growing vehicle market. GM is in hot competition with Ford for the right in build a medium-sized passenger car in Shanghai. Bidding for the $1bn-$2bn project is expected to be announced soon by Shanghai Automotive Industry. Delphi's new component projects are expected to be in the Shanghai area. *Tony Walker, Beijing*

Turkish foreign minister named

Erdal Inönu yesterday became Turkey's new foreign minister, the first appointment in a realigned cabinet. His first task will be to calm western anxieties over Turkey's incursion a week ago into northern Iraq in search of Kurdistan Workers party (PKK) guerrilla bases. Mr Inönu, son of a military hero and comrade of modern Turkey's founder, Kemal Atatürk, commands support from both sides of the newly united left-wing party in the coalition government of Prime Minister Tansu Çiller. Mr Inönu is a former leader of the social democratic People's Social party which merged last month with the smaller People's Republican party originally created by Atatürk. The long delay in agreeing a government programme and a new cabinet bad led to fears that the CHP would split into its constituent parts. *John Barham, Istanbul*

Strike disrupts Pakistani cities

Business activity in Pakistan's two largest cities was widely disrupted on Saturday as businessmen called a national strike to protest against government inaction over the rising violence in Karachi, the country's commercial capital. Lawlessness in Karachi caused by gang warfare involving the city's rival ethnic and religious groups has left over 360 people dead this year alone.

Most businesses and factories in Karachi were shut and roads were largely deserted following the call for strike by the federation of Pakistan's chamber of commerce and industry, or FPCCI, Pakistan's largest business federation. Lahore, the capital of the northern province of Punjab and the country's second largest city, was also badly affected. The government responded by sacking Mr S M Muneer, president of the FPCCI, and three other senior FPCCI members. Mr Muneer said be would challenge the sacking in court. *Farhan Bokhari and Graham Bowley, Lahore*

Rabin accuses Likud

Mr Yitzhak Rabin, the Israeli prime minister, accused the right-wing Likud opposition at the weekend of complicity with Islamic enemies of the Israeli-Palestinian peace process. "Hamas and Islamic Jihad succeed as they do," be said, "because of the help they get from Likud. Every time there is a terror attack, Likud denounces government policy."

The Likud leader, Mr Binyamin Netanyahu, responded yesterday by accusing Mr Rabin of "taking leave of his senses".

A poll yesterday indicated the public no longer trusts Mr Rabin to look after its security. The survey by Tel Aviv University showed Likud was seen by 47 to 19 per cent as the party best equipped to win the fight against terrorism. The poll, taken in the month after a suicide bombing killed 21 Israelis, showed Mr Netanyahu winning 60-40 in a straight fight with Mr Rabin. The prime minister's tough stance since the January 22 bombing has regained some lost ground during March. *Eric Silver, Jerusalem*

Time for independence may have passed

Trans Dnestr's dreams of separatism seem increasingly unsustainable, writes Chrystia Freeland

The government of Trans Dnestr, a breakaway republic on the north-eastern rim of Moldova, yesterday sought a popular mandate for a kind of separatism which, more than three years after the collapse of the Soviet Union, appears increasingly to be unsustainable.

By holding local elections and a referendum on whether Russia's 14th Army should be withdrawn, Trans Dnestr's separatist leaders yesterday sought public support for the independence they won in a messy civil war nearly three years ago.

According to early reports, turnout was high, with 42 per cent of eligible voters casting ballots by noon. Polling stations featured well stocked buffets to attract voters, a classic Soviet-era ploy, while a choir of elderly women moved from one station to the next, singing old Soviet songs.

Queues rapidly formed outside polling stations where sausage, a rarity in Trans Dnestr stores, was on sale. Voters were expected to back separatist politicians and call on the 14th Army, seen as an important shield against a potential Moldovan effort to reconquer the territory by force of arms, to stay.

Although the poll is not binding, it is likely to strain relations between Moscow and Chisinau, the Moldova capital, and widen the rift between Moldova and Dnestr.

Many of the Trans Dnestr population believe that the army is their guarantee for peace. Most of present-day Moldova was once part of Romania, occupied by the Soviet Union in 1940 under a secret pact with Nazi Germany. The exception is Trans Dnestr, formerly part of Ukraine.

Trans Dnestr unilaterally proclaimed independence amid fears that Moldova's Romanian-speaking majority would seek a merger with Romania and Russian speakers would then become second-class citizens.

But no matter what the verdict of Trans Dnestr's 720,000 inhabitants, their region's sovereignty appears increasingly fragile.

It has been eroded by economic collapse, at a time when the Moldovan economy shows robust signs of revival, and by a new geo-political equation which is emerging in the former Soviet Union.

The first sign of the new, anti-separatist climate came earlier this month, when the Ukrainian government took tough legislative action to curb the autonomy of its own breakaway region, Crimea.

Like Trans Dnestr, Crimea is dominated by ethnic Russians and its separatist leaders in the past had enjoyed covert support from Moscow which made Ukraine reluctant to clamp down.

But Russia's ongoing war in Chechnya has altered that political calculation. The logic of the war in Chechnya, where Russia has justified a brutal intervention on the grounds of the need to preserve its territorial integrity, compelled Russian leaders this month to endorse openly Ukraine's crackdown on ethnic Russian separatists.

A similar Chechen effect appears to be playing into the hands of the Moldovan leadership in its relations with the Trans Dnestr regime.

The Russian government, whose senior officials have in the past flown to Tiraspol to offer their support to the separatists, has been noticeably silent on the eve of this weekend's vote.

The Trans Dnestr separatists have another reason to fear the loss of Russian patronage: Moscow's hostility towards Gen Alexander Lebed, the commander of the 14th Army. Moscow's desire to deprive Gen Lebed – who has been an outspoken critic of the Kremlin and is touted as a potential hardline presidential candidate – of his power base was one of the reasons why last October it agreed to Moldovan demands and signed a document promising to withdraw the 14th Army from Trans Dnestr over the next three years.

Russia's quiet withdrawal of support also poses a more serious long-term threat. In contrast with Chechen fighters, but like the separatists of Crimea, Trans Dnestr's rebel leaders fought to preserve an empire, not to create a new state.

Their hope, symbolised in the mounted figure of the Tsarist General Suvorov who adorns the new Trans Dnestr banknotes, has always been for Trans Dnestr to again become, as it was in Suvorov's time, Russia's south-western military outpost.

The new geo-political climate in the former Soviet Union has made this prospect increasingly unlikely. And so Trans Dnestr's new leaders, who have grown fond of ruling, are now scrambling to create a new country.

Yesterday's vote is part of this process, but creating a national identity for this accidental state is proving more difficult than holding local elections.

Apart from Suvorov, the nation's only new heroes are the 200-odd casualties of the 1992 civil war. Their graves are adorned with fresh flowers and even the battle-scarred tanks have become national symbols and are treated as public monuments. Even Trans Dnestr's official trilingualism – Russian, Ukrainian and Moldovan are the state languages – which local authorities proudly contrast with the "rabid nationalism" of Moldova, is a bit shaky in practice.

The Ukrainian phrases on the republic's printed banknotes are misspelt and in Trans Dnestr Moldovan is still written using the Cyrillic alphabet which Stalin imposed after the second world war and which has given way to Latin letters in Moldova itself.

The economics of independence are another weak point. Frozen in Soviet-style central planning and burdened by the lion's share of Moldova's inefficient heavy industry, Trans Dnestr's economy is collapsing, while, left with a fertile agricultural base, Moldova has brought inflation down to a monthly 2.3 per cent and is aiming for an annualised rate of 10 per cent by the end of the year.

As their dream of rejoining Russia becomes more and more improbable, Trans Dnestr's separatist leaders were hoping yesterday that their long-suffering populace would give them a mandate to continue the quixotic struggle to transform their tiny, impoverished and ethnically divided territory into a viable new country.

Patten challenges Beijing on HK court

Patten: believes court will boost business confidence

By Simon Holberton in Hong Kong

Governor Chris Patten of Hong Kong challenged China at the weekend to explain why it objects to a plan, agreed in 1991, to establish the colony's highest court before the 1997 handover to Beijing.

The governor's call comes amid signs that Britain and China are headed towards another bout of confrontation over a sensitive Hong Kong issue.

The Hong Kong government believes that establishing the court of final appeal before the handover will give an important boost to local and international business confidence; it will seen as evidence that the rule of law will prevail after 1997, the government argues.

Mr Patten said the government was "puzzled about the delays and the problems on the Chinese side. The agreement was reached in 1991. Why suddenly are problems being raised now?"

> There are signs Britain and China are headed towards more confrontation

Many observers believe that China wants to choose the judges. Informally, China has suggested discussion about the court be left to next year when a high-powered committee charged with selecting the post-1997 administration comes into being.

The court will act as Hong Kong's highest appellate court, replacing the judicial committee of Britain's Privy Council as the final arbiter of legal dispute in the colony.

Mr Patten, who wants to see it established by mid-1996, may be forced to seek legislative approval without China's blessing – something he is loath to do. Local politicians are divided over the 1991 agreement that Britain struck with Beijing, and Mr Patten's advisers are not sure if he can muster enough votes in the territory's assembly, LegCo, to carry the day.

Of equal concern is China's attitude; it has warned him not to go ahead unilaterally and threatened to undo what is not agreed.

Britain and China agreed in 1991 that the court should be set up before 1997. Since May last year China has had a copy of a bill enabling the creation of the court; earlier this year it was also given amendments which followed consultation with Hong Kong's legal profession.

The government wants the bill through the legislature by July so it can achieve a mid-1996 start date. But on Friday a senior Chinese official in Hong Kong said it was "impossible" for Beijing to accept the Hong Kong government's legislative timetable.

In a replay of the failed political talks of 1993, British negotiators refused to guarantee Mr Patten would refrain from pushing ahead with the bill until Sino-British agreement had been reached.

Visits to Beijing over the coming two weeks by two former British prime ministers will provide Britain with an opportunity to emphasise to Chinese leaders the need to make progress on this and other Hong Kong issues.

Lady Thatcher, who agreed in 1984 to hand back Hong Kong to China, has been personally briefed by Mr Patten on the importance of the court. Sir Edward Heath, who travels to Beijing in 12 days' time, is also expected to encourage the Beijing leadership to relax its opposition.

Thai central bank warns on lending growth

By William Barnes in Bangkok

The Bank of Thailand, Thailand's central bank, has sent a strong warning to the country's domestic and foreign banks to rein in lending to within the target loan growth rate of 24 per cent for the year.

The message was explicitly aimed at the 15 commercial banks but signals that foreign banks should curtail their dollar lending, after aggressive expansion over the past year. Rapid credit growth of 30.3 per cent in January and 28.9 per cent in February has helped push inflation up to 5.1 per cent in February – higher than the banks' target limit of 4.8 per cent for 1995.

Dollar lending has increased even faster than baht loans by the domestic banks, which expanded by 22 per cent in January.

The largest increase in dollar lending came from the less established foreign banks, operating without full branch licences in Bangkok, but seeking to establish a foothold through representative offices.

"Some of the foreign banks' representative offices have really gone bananas – what I hear is that they have really been cutting the margins down to build up market share. It's this dollar lending which has really got out of kilter," said Mr Graham Catterwell, the country representative for Crosby Securities.

Lending by the 22 foreign banks with only representative offices through the Bangkok International Banking Facility was 452 per cent higher, year-on-year, in February.

In contrast, the 30 foreign and local banks with full Thai banking licences increased such lending by a more modest 107 per cent.

Half-a-dozen Japanese banks – the Sumitomo Bank, Sanwa Bank, Long Term Credit bank of Japan, Industrial Bank of Japan, Mitsubishi Bank and Dai-ichi Kangyo Bank – have been particularly active.

Thailand requires a net capital inflow equivalent to 5.9 per cent of the gross domestic product each year because the savings rate of 34.1 per cent cannot support investment at approximately 40 per cent of GDP.

But the central bank wants lending directed to production rather than consumption to ease pressure on the currency, keep inflation down and suppress any build-up of speculative asset inflation – particularly in the property market.

Mr Thirachai Phuvanat-Naranubala, director of the Bank of Thailand's institutional supervision and development department, warned that any local bank that overran the general 24 per cent credit growth limit in the first six months of the year would find its individual credit lending cap proportionately reduced for the remainder of the year.

Mr Thirachai also said real estate loans should only be extended to properly capitalised and viable projects – not to people making short-term speculative punts on property.

He said Thai banks flaunting the credit limits might find it difficult to obtain permission from the central bank for future business transactions. The foreign bank representative offices will also want to be seen as helpful to improve their chances of winning one of up to seven full branch licences that will be given out in May 1996.

The Bank of Thailand underlined its concern over strong credit growth earlier this month by raising the discount rate – the rate at which it lends to domestic banks – by one percentage point to 10.5 per cent.

The largely symbolic discount rate is used by the central bank to indicate the direction it would like interest rates to go. However, simply raising interest rates to curb credit growth could backfire, injecting liquidity into the money markets by luring more foreign funds.

Hence the central bank has turned to supervisory measures to limit credit growth.

Okinawans seek an end to US 'occupation'

War legacy of world's biggest military base complex continues to irk islanders, writes Gerard Baker

Fifty years ago last week, 19-year old Masahide Ota was hauled from his school in southern Okinawa, and, along with thousands of his fellow-students, found himself sucked into the nightmarish dénouement of the second world war.

He was given a uniform and a rifle and was forcibly enlisted in the "Blood and Iron Student Corps", a specially created unit of schoolboys given the task of contributing to the island's defence against invading US forces.

The Japanese military's strategy was a cynical sacrifice of the small island to buy time for the defence of Japan proper – time bought at the eventual cost of a third of the population of Okinawa.

A half-century later the young man who witnessed the brutality on the island is now its governor.

Today, he finds himself again in the critical phase of another struggle over its future, a fight much less bloody than the savagery of 50 years ago, but one of significant modern-day consequence for relations between Japan and the US.

The struggle today is to rid the island of the principal legacy of the Battle of Okinawa – one of the largest concentrations of military bases anywhere in the world.

It is a fight that seems set to come to a head in the next few weeks, as a succession of tripartite meetings are scheduled between the Okinawans, the US and the Japanese government.

"The Okinawan people have waited for the benefits of the peace dividend for too long," says Mr Ota.

> A top Japanese official has told the Okinawans they would have to accept US bases for ever

"In this, the 50th anniversary of the battle of Okinawa, it is our real hope that the first steps can be taken."

But those hopes of progress are dimmed by the realisation that real change lies not in the islanders' own hands, but in Tokyo – in the hands of a government that has treated them as little better than vassals in the past.

After the war the US stayed on, occupying Okinawa long after their rule had ended on the main islands of Japan.

They finally handed it back to Japan in 1972. But they did not return most of their military property.

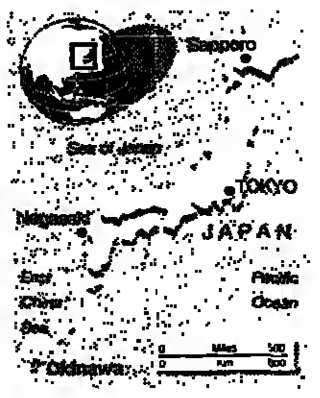
They have maintained a massive presence – more than 50,000 servicemen and women and their families, the largest air base in Asia, and enough firepower concentrated in ships, aircraft and tanks to conduct a sizeable regional war – all in a little over 2,000 sq km of tropical Pacific terrain.

Ever since the formal reversion of the island to Japan, the Okinawans have been lobbying hard for the closure of at least some of the bases, but without success.

When the cold war ended they sensed an opportunity to begin the process of demilitarisation. But while the US military has retrenched around the world, in Okinawa, the reduction has been minimal.

The governor and local politicians argue that the existence of the US bases is a blight on the country's society and economy.

Dozens of local people have been killed in accidents involving US military, while crime committed by US personnel is a growing problem, and the presence of the bases inhibits opportunities for other economic activities.



Okinawa has the lowest income per head of Japan's 47 prefectures, the lowest levels of educational attainment and one of the least advanced infrastructures.

"We could rebuild our economy with our own hands if only we had access to the land and resources now held by the US," says Mr Ota.

And the prospect of again being a battlefield in the event of regional conflict troubles its people.

But what particularly irks them is that their tragic history has singled them out for a vastly disproportionate share of Japan's US military burden. More than 70 per cent of all US forces in Japan are located in Okinawa, an island that accounts for less than 0.5 per cent of the country's total land area.

Mr Zenshun Arakaki, a leading socialist member of the Okinawan assembly, says: "Though we have no personal animosity towards US forces we consider their continued presence here as a reflection of a war that is unended – they are in effect an occupying force."

The bases are on the island in accordance with successive US/Japan security treaties which began in 1952.

The pressure from the Okinawan government has at last resulted in progress of a sort – for the last six months the Japanese authorities have been negotiating a return of the land occupied by three bases to the Okinawan people: a naval facility in the prefectural capital, Naha, a firing range and an airfield.

The US has agreed, in principle, to the return of the land.

But the US is adamant that any lands given up should be replaced.

Gen John Shalikashvili, the chairman of the US joint chiefs of staff, said earlier this year the US would agree to change on the principle of "leaving it as it is" – that is, that there should be no net reduction in facilities.

He indicated that the US would not be opposed to closing some bases as long as alternative sites in Japan were found.

This is hardly surprising. US bases in Japan are among the cheapest in the world – because the Japanese government agrees to pay for the cost of the land and many of the facilities.

That puts the onus on the Japanese government.

Though it is prepared to move some small facilities to the mainland, it is anxious not to agree to a significant transfer.

Last autumn, the chief bureaucrat at the Defence Facilities Agency revealed the Japanese view when he told the Okinawans they would have to accept US bases for ever.

The cruel irony for the Okinawans is that they may succeed in getting some bases closed – only to see others opened up or extended elsewhere on the island.

They are understandably bitter. According to Mr Arakaki: "The Japanese have sacrificed the Okinawans for their military ends before. We remain little more than a tool for the Japanese government."

NEWS: INTERNATIONAL

Third world 'worse off' after trade deal

By Deborah Hargreaves

Low-income developing countries which import foodstuffs are likely to be significantly worse off as a result of the Uruguay Round trade deal, according to a report* published today by the United Nations Food and Agriculture Organisation.

The Gatt deal, which comes into effect in July, will lead to a rise in world agricultural trade of 9 per cent, but this will benefit developed countries rather than the world's poorest nations, the FAO says.

It estimates that Africa's agricultural import bill will rise from $8.4bn (£5.3bn) five years ago to $14bn by 2000 with 15 per cent of this increase due to the Uruguay Round.

Developing countries are expected to see their food bills increase while preferential access to markets in many developed countries shrinks.

Mr James Greenfield, FAO chief of commodity policy, said: "In this study, North America, Australia and New Zealand make trade gains while Europe loses. Africa, broadly speaking, will be worse off on its trade account, unless it expands food production, diversifies export crops and increases intra-regional commodity trading."

The FAO report predicts that North Americao farm exports will rise from $15bn to $22bn by 2000 with higher shipments of cereals, fats and oils, meat and milk.

Many of these exports could find their way to western Europe, which must open up its agricultural markets leading to a rise in net imports of $10bn to $15bn by 2000. Import volumes of cereals, fats and oils, some meat and tropical prodncts will rise, while European Union countries will export fewer cereals, oilseeds, milk and sugar.

The commodity expected to see the largest rise in world trade as a result of the Uruguay Round is oils, including oilseeds. Shipments are expected to grow to 38m tonnes by 2000 or by 3.2 per ceot a year. Trade in livestock is seen expanding by 2 per cent a year to 18.7m tonnes by 2000.

The FAO, whose committee on commodity problems meets next week, suggests that some countries need to review their food policies in the light of the report's findings.

It said many developing countries need to build on any comparative advantages they may enjoy to increase food production and enhance food security.

** Impact of the Uruguay Round on Agriculture, FAO, Viale delle Terme di Caracalla, 00100 Rome, Italy.*

Uzbeks vote on greater tenure for president

In a further sign of the drift towards authoritarianism in Central Asia, two regional presidents moved this weekend to extend their tenure of office until the end of the century by means of a referendum rather than election, writes John Thornhill in Moscow.

In a referendum held in Uzbekistan yesterday, President Islam Karimov asked the country's 11m voters whether they wanted to extend his six-year presidential term – due to expire in 1997 – until the end of the century. The results will not be known for 10 days, but they are expected to show a significant majority in favour of extending his mandate. International observers were not invited to oversee the vote.

On Saturday, Mr Nursultan Nazarbayev, president of neighbouring Kazakhstan, called for a similar referendum to be held on April 29. Mr Nazarbayev, whose presidential term is due to expire in December 1996, will propose his rule be exteoded until the year 2000.

Mr Nazarbayev, who disbanded parliament this month, after declaring last year's general elections illegal, is currently ruling by decree until another parliamentary vote can be arranged.

"We hear cries that there will be a dictatorship. Yes, dictatorship will come, but a dictatorship of the constitution and of the law," he has told an assembly of people's deputies. "There will be a real dictatorship if, under democratic slogans, chaos and anarchy will be created. Then the people will call for a firm hand."

Both Mr Nazarbayev and Mr Karimov, both former heads of their Soviet republic's communist parties, have stressed the difficulties of establishing democracies in countries which have little tradition of civil society and are suffering from severe economic dislocation caused by the collapse of the Soviet Union.

The media in Uzbekistan remains under state control and some opposition parties have been banned.

In Turkmenistan, President Saparmorat Niyazov has already woo the backing of a referendum to extend his presidency by five years to 2002.

INTERNATIONAL PRESS REVIEW

Hanging prompts a media row within Asean

"Please give us our freedom. Please free us from foreign employers." *Cartoon from The Philippine Daily Inquirer*

The row between the Philippines and Singapore over the execution for murder of a Filipina maid in Singapore 10 days ago has been a shock to the Association of South East Asian Nations' usual cosy consensus and quiet diplomacy. But, then, Asean has never really come to terms with its internal differences – not least the way the press acts in member countries.

In the Philippines the press is free, ofteo outrageously so. Anything goes in Thailand – as long as there is no critical mention of the royal family. The press in Indonesia tries hard to maintain some independence.

In Malaysia it is generally cowed, though there is often surprisingly frank criticism around the edges.

SINGAPORE

And then there is Singapore. The Singapore press has been unanimous in its condemnation of the outraged reaction in the Philippines to the execution of Flor Contemplacion. The island republic's media is heavily influenced by the government. But last week it seemed to be very much reflecting public shock at the recent turn of events.

"Singaporeans could be excused if they are amazed and angered by the Philippines elevation of a convicted murderer into a heroine after her execution last week," said an editorial in *The Straits Times*. "But that is the way of moh logic."

The paper said President Fidel Ramos seemed to have forgotten that Singapore was not only a close Asean partner but was also a leading investor in the Philippines "long before many others were prepared to risk even a peso there."

Several newspapers carried street polls on the case. Most people were appalled at the Philippines' protests and the threats made against Singaporeans.

There was solid support for the government's strongly worded protest about the burning of a Singaporean flag at ooe demonstration.

There are about 65,000 Filipinos working as maids in Singapore. "Filipino maids interviewed say they want to stay in Singapore," said one headline.

Reporters could not find a single maid who seemed to support the Philippines protests or who agreed with the ban announced by Manila on sending more workers to the island republic.

PHILIPPINES

In the Philippines, where Contemplacion was widely believed to be innocent, opinion formers managed a rare show of unity in condemning the execution.

"The Singaporeans mock our grief and belittle our fate," said a leader in *Today*. "They exalt their cold-heartedness and cootempt as maturity and reason and deride our capacity for sympathy as primitivism."

In a culture which prides itself on freedom of expression, "fair comment" often sails dangerously close to demagoguery. Max Soliven, proprietor of the *Philippine Star* which carries his daily column, By the Way, typified the popular end of the market's reactioo to the hanging.

"I would suggest that any Singaporeans still in our vicinity run for their lives," wrote Mr Soliven. "That pipsqueak of a country, smaller than Lilliput, has for far too long traded on its puny size... We could smother those sassy pygmies by sheer weight of numbers," he estimated.

Perplexed observers, wondering how the hanging of a maid for double murder could have led to the recalling of ambassadors, an organised boycott of goods and the public burning of the Singaporean flag, should not overlook the yawning cultural divide between the Philippines and Singapore.

Since the Contemplacion row started, Manila's columnists have seized on the opportunity to ridicule "Confucian values" in Singapore. The city state's pliant media and government-imposed restrictions oo freedom of expression would never be tolerated in the Philippines, say local journalists.

"The average Singaporean has had little news of the execution," writes Amando Doronila in the *Philippine Daily Inquirer*. "This siege mentality gives them a sense of permanent crisis which has provided their leaders the excuse and legitimacy to maintain tight political control," he said.

The Philippines' stroug resentment at being seen as the main supplier of domestic servants to richer Asian countries is perhaps the most common thread running through the coverage of the Cootemplacion case.

By the end of the week Singaporean tempers had cooled – in the press at least. *The Straits Times* produced a second editorial on the affair on Friday. The tone had changed from one of indignation to sadness. "The two countries are Asean allies and close trading partners," said the paper. "Nothing that happened in the course of an association cemented in 1967 suggested even remotely that relations could deteriorate so far so quickly."

Kieran Cooke and Edward Luce

Labor 'biggest loser' in local polls

By Nikki Tait in Sydney

After a weekend of mixed fortunes at the polls for both main parties in Australia, the federal Labor government, headed by prime minister Paul Keating, was yesterday being viewed as the biggest loser.

A federal by-election in Canberra – traditionally a fairly safe seat for Labor – was woo by the opposition Liberal candidate, Breodan Smyth, in a 16 per cent swing on a two-party preferred basis (after the allocation of second and subsequent preferences), the biggest for 20 years.

The Liberal vote was up by about 10 per cent on a first preference basis.

The victory was hailed by Mr John Howard, leader of the federal Opposition – a coalition of Liberal and National parties – as "a revolt by mainstream Australia against the Keating government".

Mr Keating, by contrast, described it as a disappointing result, but said that it sent "a message (that) is well and truly received and will be acted on".

However, there was less for either party to cheer about in New South Wales, Australia's most populous state. Here, state elections left neither party with a clear majority after Saturday's poll, and it may be several days before the final situation is known.

Going into the poll, the Liberals (together with the Nationals) had 48 seats, Labor 47, and there were four independents, three of whom were ooo-aligned but supported the Liberals oo confidence motions.

By the end of the weekend the Liberals had claimed one seat held by an independent, meaning that it was confideot of holding 46 seats, and Labor, 45.

Two independents were also returned. This left six seats undecided, with preferences and postal voting yet to be calculated.

Overall, the NSW poll showed a small swing away from the Liberals, but towards the Nationals, Labor, and indepeodents.

The "No Aircraft Noise" party, protesting at the federally imposed changes in aircraft traffic routes over Sydney, polled between 7 and 25 per cent of the first preference votes in the seats where it stood, but did not swing any of the inner-city seats most affected by the new airline routes out of Labor control.

The main issue now is what impact the poll results will have oo the May 9 federal budget.

In January, the government promised a "significant tightening" of fiscal policy. However, last week, the prime minister was at pains to stress that the economy appeared to be slowing of its own accord, and played down any need for an early increase in interest rates.

Patrol vessel reported to be attempting to board another Spanish trawler

Canada braced for further fish conflict

By Bernard Simon in Toronto

Canada was preparing yesterday to renew its "fish war" against the European Union by acting against Spanish trawlers in a contested area of the north-west Atlantic.

Greenpeace, the environmental group, said that its office in Newfoundland intercepted radio signals indicating that Canadian fisheries officers were trying to board a Spanish vessel in international waters on the so-called Nose of the Grand Banks, just outside Ottawa's 200-nautical mile jurisdiction.

Mr Brian Tobin, Canada's fisheries minister, said earlier that a patrol vessel was on its way to the area, where up to a dozen Spanish vessels were fishing for turbot, also known as Greenland halibut, in defiance of a 60-day moratorium imposed by Ottawa. The Canadian vessel carries a "warp-cutter" designed to sever the cables holding a trawler's nets.

The renewed tension follow the failure of EU and Canadian officials to agree on new conservation measures for the north Atlantic fishery during two days of talks in Vancouver. Mr Tobin said that "we're looking at the strong possibility this round of discussions have left us without a solution".

The flare-up comes less than three weeks after Canada seized the Spanish trawler Estai on the Nose of the Grand Banks. The vessel was released a week later after its owners posted a C$500,000 (£217,390) bond. A European Commission official said yesterday that another seizure would jeopardise efforts to resolve the dispute.

The friction stems from a dispute with the EU over quotas for Greenland halibut set by the Northwest Atlantic Fisheries Organisation (Nafo). Ottawa accuses Spanish and, to a lesser extent, Portuguese, vessels of exceeding Nafo quotas and of depleting the fishery by using nets with a smaller mesh than permitted by Nafo standards.

The EU refuses to recognise Canada's jurisdiction over waters outside its 200-mile fishing zone, but several member states have urged Spain to withdraw the vessels while negotiations continue.

Spain has sent a patrol vessel to the Grand Banks to support its trawlers. Greenpeace also has a boat in the area.

An international fisheries conference, starting at the United Nations in New York today, will examine the legal, scientific and conservation issues raised by "straddling stocks" which move in and out of nations' 200-mile fishing zones.

New Orleans seeks to make up lost ground

Bad times may catch the city napping, reports Tony Jackson

With Mardi Gras gone and the April jazz festival approaching, New Orleans is counting on a good tourist season. Indeed, with the grand new convention centre open and the world's biggest casino under construction, this most attractive of cities can reckon on a flood of new visitors for years to come.

But the outlook for the remaining four-fifths of the economy is less certain. Less than a decade ago, the New Orleans region was still in deep depression after the collapse of the oil boom. Rapid recovery has replaced all the jobs that Big Oil took away. Come the next downturn, though, the same question will recur: how far has New Orleans used the good times to invest against the bad?

To an extent unusual in the developed world, the New Orleans economy remains a captive of geography. First, of course, comes the Mississippi. Standing as near the river mouth as the surrounding swamps allow, New Orleans, in Louisiana, is the gate to 14,500 miles of inland waterway stretching north to the Great Lakes.

With sister ports stretching up river to Baton Rouge, New Orleans claims to form the world's biggest port system. Nearly 70 per cent of all US grain exports leave from here. Last year 42 per cent of all imported steel came through New Orleans, much of it shipped from Japan and South Korea through the Panama canal, then up river as far as Pittsburgh and Indiana. But if the port leads in crude tonnage, value is another matter. Last year, according to the Los Angeles-based CMC-Trade-Week Report, New Orleans had trade of around $50bn (£30.4bn) a third of that of Los Angeles and rather less than Seattle.

Besides being cheap, over 90 per cent of the goods passing through New Orleans are headed for somewhere else. This puts the port at the mercy of events, such as changes in world trade patterns or the 1980s deregulation of the US railroads, which deprived it of a protected hinterland. While the volume of traffic last year was a record, it only made up ground lost over a long decline in the 1970s and early 1980s.

There is a marked contrast with the neighbouring Gulf of Mexico port of Houston, where some 70 per cent of goods traded are produced or consumed locally. Like New Orleans, Houston competes with other US ports such as Los Angeles, Charleston and even New York. But not only is most of its trade captive: Houston also secures the added value of the goods it ships.

What New Orleans needs, evidently, is more industry. In the US as a whole, industry employs almost 20 per cent of the workforce. In the state of Louisiana, the figure is 12 per cent. In the New Orleans region it is 8 per cent.

Not that industry is absent. The stretch of river from New Orleans to Baton Rouge, known as "chemical corridor", is one of the biggest centres of petrochemical production in the US. But the plants were built long ago, and are now a meagre source of employment. Even the gas they use as feedstock is piped in from the Gulf of Mexico to their own terminals, bypassing the port.

The Gulf was once another big geographical factor in the economy. From the first oil shock of 1973 to the first drop in the oil price in 1982, the region prospered from the early stages of drilling and exploration. But the big oil companies never set up their headquarters there. The boom was bound to be temporary as the region did not stand to profit once the rigs were up and running.

The point is stressed by Dr Tim Ryan, dean of New Orleans University's business school. "What made the Texan economy?" he says.

"Oil and natural resources. They took some of those dollars when they had them and parlayed them into investments in education and added value. We haven't yet turned the corner on building resources which don't depend on natural advantages." To address this, government and business in New Orleans have set up an initiative called MetroVision. Its head, Mr Jim Monroe, says attracting industry is only part of the answer.

There may be scope to develop downstream chemical production and garment manufacture (New Orleans boasts the world's biggest tie maker). But Mr Monroe's main targets are less tangible – the information services industry, such as credit card processing or telemarketing, and medical research.

In attracting business, New Orleans faces one serious obstacle: the chicanery of local politics. This does not, perhaps, make it unique. As a New Orleans businessman puts it: "Americans aren't naive enough to believe corruption doesn't exist in New York or Houston. But they believe that in Louisiana it's an art form."

That apart, New Orleans has one final geographical card to play: its position on the north-south axis in the brave new world of the North American Free Trade Agreement. As New Orleans' mayor, Mr Marc Morial puts it, "Latin America can do for us what the Pacific Rim did for California, Oregon and Washington."

Even here, there is a sense that New Orleans has lost ground to competing centres such as Miami and Houston. But there is evident determination to strike back.

The port has been working on establishing a rail-barge link with Vera Cruz in Mexico, now postponed by the peso crisis. Perhaps most important, there is a conscious effort to restore banking links weakened by the Latin American debt crisis of the early 1980s.

Mr Michael Conwell, head of international business at Hibernia, New Orleans' biggest bank, asks: "Did we get behind? We sure did. But with Nafta and Gatt, we're going to have a market of 385m people. Shame on us if we're not there to support our local businesses and make sure they get their share of the pie."

New Orleans: steeped in geography

Mardi Gras in the French quarter: how far has New Orleans used the good times to invest against the bad?

Bermuda edges nearer vote on independence

By Canute James in Kingston

Bermuda's legislators have approved the holding of a referendum on independence from Britain, and a vote is expected in July if it is approved by the Senate next month.

The ruling United Bermuda party overcame the objections from dissidents opposed to independence who had earlier said they would not support the referendum. It was approved by a vote of 20 to 18 by the House of Assembly. Despite this, the ruling party is split on the issue of independence and is expected to campaign for a continuation of Bermuda's current status.

"They mainly want a vote against independence and want to get the matter out of the way for a few years," a senior UBP official said yesterday.

While supporting independence for Bermuda, the opposition Progressive Labour party is protesting at the use of a referendum and wants the matter determined in an election.

The PLP is considering a boycott of the referendum, or may tell its supporters to vote "No", said Mr Frederick Wade, the leader. "It would not be a vote against independence," Mr Wade said. "It would be a vote against deciding by this measure."

The referendum, and the campaign by the parties over the next few months, will increase the anxiety of the banking and financial services sectors, which fear damage to the colony's political and economic stability. Offshore financial services and tourism are the pillars of the economy. A poll carried out last year indicated a significant majority of Bermuda's 60,000 people were in favour of maintaining the status quo, but about 30 per cent suggested the issue be put to a referendum.

Bermuda is the oldest British colony in the Commonwealth and has almost complete self-government under a 1968 constitution. Britain is responsible for defence, internal security and foreign affairs. The UBP has formed the government since 1968. The British government is willing to grant independence to Bermuda if there is a clear indication that the majority of Bermudians want this change, say British officials.

Cuba signs up to 1967 N-arms treaty

By Pascal Fletcher in Havana

Cuba, where the siting of Soviet missiles in 1962 brought the US and the former Soviet Union to the brink of nuclear war, signed at the weekend a regional treaty banning nuclear weapons in Latin America and the Caribbean.

Mr Roberto Robaina, Cuba's foreign minister, added Cuba's signature on Saturday to the 1967 Treaty of Tlatelolco at a ceremony in Havana witnessed by President Fidel Castro and Mr José Angel Guerra, Mexico's foreign minister.

Mr Robaina said Cuba's entry to the pact signalled its willingness to be part of the community of Latin American and Caribbean nations. It also reflected the "genuinely peaceful" nature of Cuba's nuclear technology programme, he added.

Other signatories of the Tlatelolco Treaty, such as Brazil and Mexico, had for some time been urging Cuba to join. They argued that Cuban membership would weaken arguments by the US government, which maintains a trade embargo against Cuba, that the island still represented a threat to peace.

Clinton laments welfare 'rhetoric'

By Jurek Martin in Washington

Leaders of both US political parties spent the weekend assessing last Friday's House of Representatives vote to overhaul the welfare system and looking ahead to another House vote this week on the constitutional amendment to set term limits for members of Congress.

In his weekend radio address, President Bill Clinton stopped short of explicitly threatening to veto the welfare reform bill. But, noting the rancorous nature of much of the House debate last week, he urged Congress to "turn down the rhetoric" when contemplating wide-ranging social changes.

However, Congressman Dick Armey, the Republican majority leader, was dismissive yesterday of complaints against some of the arguments used by Republicans, including those which compared welfare recipients with protected alligators and wolves. The Democrats, he said, were "very good at feigning moral outrage".

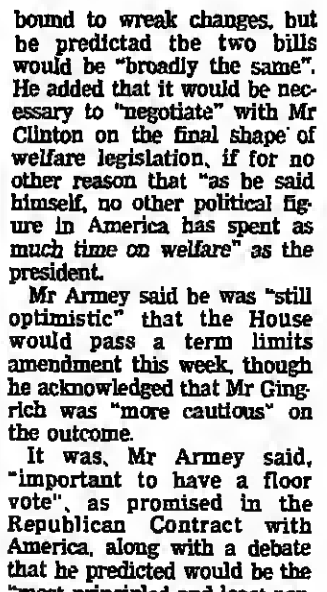
In practice, it would be premature for the president to talk about a veto, as the House bill is certain to be amended substantially in the Senate in the weeks ahead. Also, Mr Clinton's campaign promise in 1992 to "end welfare as we know it" militates against an abrupt rejection of all Republican proposals.

Although the Senate may go along with the replacement of some big welfare programmes, including Aid to Families with Dependent Children, by block grants to the states, it is likely to require the states to continue to spend their own money on welfare, a provision not in the House version.

Senator John Chafee, the moderate Republican from Rhode Island, said the House's proposals to turn over nutrition and foster care to the states caused him problems. "Not all governors have the capabilities or dedication to these programmes," he said.

Mr Clinton's principal objection was that the House had not imposed tougher work requirements for those now receiving welfare.

But he commended the bill's proposals to crack down on those delinquent in child support payments, including the refusal to renew driving licences.



Gingrich: said deal would have to be made with Clinton

Mr Newt Gingrich, Speaker of the House, conceded on television that the Senate was bound to wreak changes, but he predicted the two bills would be "broadly the same". He added that it would be necessary to "negotiate" with Mr Clinton on the final shape of welfare legislation, if for no other reason that "as he said himself, no other political figure in America has spent as much time on welfare" as the president.

Mr Armey said he was "still optimistic" that the House would pass a term limits amendment this week, though he acknowledged that Mr Gingrich was "more cautious" on the outcome.

It was, Mr Armey said, "important to have a floor vote", as promised in the Republican Contract with America, along with a debate that he predicted would be the "most principled and least partisan" in recent memory.

But none of the assorted versions under consideration, involving limits from six to 12 years, appears likely to gain the necessary 290 votes. A two-thirds majority in the Senate is reckoned to be completely out of reach.

CORRECTION NOTICE

AMMENDMENTS TO PROXY LODGING DATE

IN THE HIGH COURT OF JUSTICE NO 001666 OF 1995
CHANCERY DIVISION
MR REGISTRAR BUCKLEY
IN THE MATTER OF POLLY PECK INTERNATIONAL PLC (IN ADMINISTRATION)
AND
IN THE MATTER OF THE COMPANIES ACT, 1985

NOTICE IS HEREBY GIVEN that by an Order dated 21st March 1995 the Court has directed separate meetings of (1) the creditors of the above-named company (the "Company") with Scheme Claims (as defined in the Scheme of Arrangement mentioned below) other than those whose claims are derived only from the Company's guarantees of the debts of Polly Peck Finance Plc and (2) the creditors with Scheme Claims whose claims are derived from the Company's guarantees of the debts of Polly Peck Finance Plc, respectively to be convened for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and such creditors and that such meetings will be held at Westminster Central Hall, Storey's Gate, London SW1H 9NH on 26th April 1995 at the respective times mentioned below, namely:

(1) At 11.30 am the Meeting of all creditors with Scheme Claims other than those whose claims are derived only from the Company's guarantees of the debts of Polly Peck Finance Plc;

(2) At 11.35 am or so soon thereafter as the preceding meeting shall have been concluded the Meeting of the creditors with Scheme Claims whose claims are derived from the Company's guarantees of the debts of Polly Peck Finance Plc;

at which place and respective times all such creditors are requested to attend.

Any creditor entitled to attend the said meetings can obtain copies of the said Scheme of Arrangement, form of proxy and copies of the Statement required to be furnished pursuant to section 426 Companies Act 1985 from the Administrators of the above-named company c/o Coopers & Lybrand, Hillgate House, 26 Old Bailey, London EC4M 7PL (ref: JPW) and also at the following offices of the international organisation of Coopers & Lybrand: 1301 Avenue of the Americas, New York, New York 10019-6013, USA (ref: PC); 50, Avenue Guiseppe-Motta, CH-1202, Geneva, Switzerland (ref: DF); Stampfenbachstrasse 73, CH-8006, Zurich, Switzerland (ref: AB) and Bockenheimer Anlage 15, 60322, Frankfurt am Main, Germany (ref: OK); and from the office of the undermentioned solicitors at the address mentioned below during usual business hours on any day (other than a Saturday, Sunday or public holiday) prior to the day appointed for the said meetings.

The creditors (if not corporations) of the Company with Scheme Claims may vote in person at the said meetings or any creditor with a Scheme Claim may appoint another person, whether a creditor or not, as their proxy to attend and vote in their place. A corporate creditor may also appoint a representative under section 375 Companies Act 1985.

Forms appointing proxies must be lodged with the Administrators of the said company c/o Coopers & Lybrand, Hillgate House, 26 Old Bailey, London EC4M 7PL (ref: JPW) not later than 12 noon on Monday 24th April 1995

By the said Order the Court has appointed Christopher John Barlow or failing him Ian Douglas Barker Bond to act as Chairman of the said meetings and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 22nd day of March 1995.

Solicitors for the administrators: Cameron Markby Hewitt, Sceptre Court, 40 Tower Hill, London EC3N 4BB.

NEWS: UK

University issues bonds to raise funds

By Antonia Sharpe and John Authers

The University of Lancaster in north-west England yesterday opened up the UK domestic bond market to the higher education sector when it launched a £35m ($55.6m) offering of 30-year debenture stock.

This was the first issue of listed bonds from a UK university, and it follows unexpected delays to a plan for a group of universities to raise finance using a vehicle company to offer bonds.

Other universities are still likely to follow as continued expansioo in student numbers puts pressure on them to borrow for capital projects. Total borrowing requirement for the university sector was estimated at more than £1bn in 1993, of which 65 per ceot was for student residences.

Professor Kenneth Edwards, chairman of the Committee of Vice-chancellors aod Principals, said universities were likely to expand further. "This in turn will create a considerable demand for capital. We do realise that we will need to turn to the private finance market."

However, the pressure for a syndicated bonds scheme has diminished because interest rates have risen in the past year while banks are offering universities much more favourable horrowing terms, the Higher Education Funding Council for England said.

Mr John Avery, head of estate management for the council, said about 12 universities were still considering taking part in the initial launch, which could be joined later by other universities.

Mr Rod Lindsay, deputy director of finance at Lancaster, said that by issuing the bonds, the university had fixed its loan commitments for the next 30 years, which it could not have done hy any other route. "We can plan ahead with a degree of certainty," he said, adding that a further tranche of around £8.5m could be issued at a later date. Mr Lindsay said Lancaster had withdrawn from the syndicated programme. "We took the view that it might take too long than if we went ahead on our own," he said.

Formal government guarantees are not needed under the scheme. However, Lancaster needed clearances from the London Stock Exchange where the bonds will be listed, the funding council and the Charity Commissioners. The bonds are also secured on university assets.

Lancaster will pay interest of 9.75 per cent on its bonds, the rate at which it had been capped by the funding council.

University expansion and the need for institutions to attract management expertise from the private sector appears to be forcing up the salaries of vice-chancellors. The heads of 28 institutions were paid more than £100,000 ($159,000) in 1993-94, John Authers writes.

A survey published by the Times Higher Education Supplement showed that Mr Derek Roberts, provost of University College, London, commanded the highest combined salary and pension contributions, at £138,822.

He was originally recruited by the college from GEC, the UK indnstrial conglomerate where he was a director, in one of the first examples of universities looking to the private sector for managers. University College oow stands behind only Oxford and Cambridge in government research rankings, and has strengthened its links with industry.

Mr Roberts, who took a pay cot when he left GEC, said there was no comparison with top execntives in privatised industries such as water companies. "They are putting their snonts in the troogh and justifying it on the grounds that they are now free competitive husinesses. I'm not aware I have a choice about where I huy my water from," he said.

Surveys fail to highlight shifts in spending

Headlines about consumers' behaviour mask widespread changes, reports Gillian Tett

British consumers might be feeling gloomy - but the amount of money they spend on restaurants, cinema trips and evening classes is rising.

However, many people are still cutting back on personal grooming hills, since hairdressing, laundry and shoe repair spending fell last year.

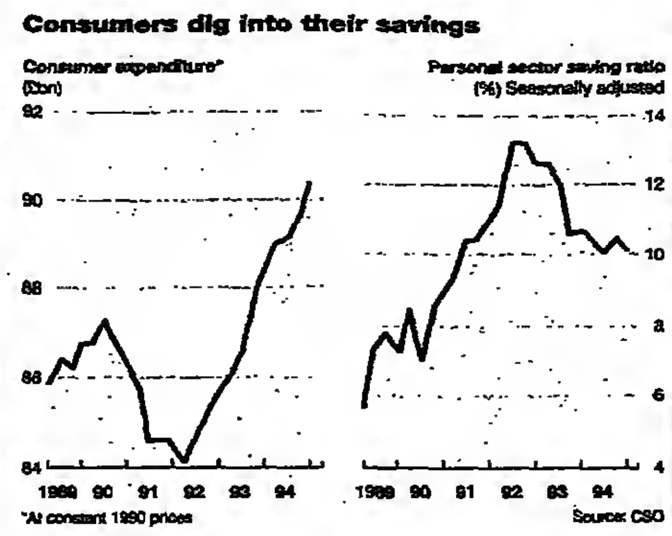
These mixed trends point to a picture of consumer behaviour last year that is rather more complex than surveys of confidence have shown.

For, in spite of the recent morose comments from many retailers, gross domestic product data from the Central Statistical Office shows that consumers did step up their spending in many areas last year.

Consumers' disposable income rose by 1.2 per cent in 1994 compared with 1993, measured in constant 1990 prices. This level, though low, was slightly higher than previously estimated, largely as a result of the better-than-expected level of joh growth. However, actual consumer spending rose by 2.6 per cent over the year, again in 1990 constant prices.

The differing figures reflected the fact that many consumers made up the shortfall in their household hudgets by dipping into savings.

Persooal savings in the fourth quarter of 1994 represented a seasonally adjusted 10.3 per cent of the total personal disposable income - down from 10.6 per cent in the third quarter. Taken over the year as a whole, the savings ratio was 10.4 per ceot in 1994. This was lower than during the recession years - hut sharply higher than in the boom years of the late 1980s when the credit hoom pushed the savings ratio below 6 per cent.



But although these overall figures appear to indicate that many consumers are determined to spend, even thongh overall household budgets are rising only slowly, a hreakdown of the data showed that spending patterns were mixed.

Spending on durable goods such as household items rose 8.1 per cent between 1993 and 1994, with the growth spread evenly throughout the year. However spending on non-durable goods such as food and clothes was much patchier, with clothing expenditure rising 5.6 per cent over the year, but food expenditure up only 1.3 per cent.

Meanwhile, spending on services - which account for almost as large a chunk of consumers' spending as retail goods - was patchier still.

Spending oo services in the last quarter of the year grew hy 1.6 per cent compared with the previous quarter - or douhle the rate of quarterly growth for retail goods. This was largely due to a surge in national lottery expenditure, which boosted the amount of money spent on betting and gambling by 16 per cant between the third and fourth quarters.

Over the year as a whole, spending on restaurants and hotels grew hy 2.6 per cent, while expenditure on domestic services, such as cleaners, grew by more than 8 per cent to reach record levels.

The amount of money spent on running cars also reached record levels after growing almost 6 per cent in the year. This was partly offset hy a fall in the amount of money spent on British Rail and taxis, with taxi expenditure 17 per cent lower than during the boom years of the late 1980s.

Expenditure at hairdressers fell for the sixth year at a row, along with shoe repairs and laundry services. But spending on educational activities such as evening classes reached a record, while more was spent on visiting the cinema than in the late 1980s.

Total consumer expenditure accounted for ahout 1.7 percentage points of the 3.9 per ceot growth in GDP during the year. Exports and investment each accounted for 0.6 perceotage points of the growth, while stock huilding hy companies accounted for 0.5 percentage points.

Directors warned on 'corporate nepotism'

By Richard Donkin, Labour Staff

The Institute of Management has called for an end to "corporate nepotism", hy which company chiefs select friends, or business contacts on other boards, to be non-executive directors.

Mr Roger Young, the institute's director-general, said companies shonld avoid the corporate back-scratching which characterised some non-executive appointments. "We need to end corporate nepotism in the selection of non-executive directors. They should be genuinely independent," he said.

The institute said in evidence to a House of Commons employment committee investigation of executive pay that non-executive directors needed to be "free from any business or other relationship which could materially interfere with the exercise of their independent jndgment, apart from their fees and shareholding".

It called for greater openness about directors' pay and a breakdown of individnal packages in the accounts of companies.

Government of republic fears that deadlock may destroy momentum for peace

Irish PM to meet Sinn Féin on arms

By John Murray Brown in Dublin and John Mason in London

Sinn Féin, the political wing of the Irish Republican Army, is to meet Mr John Bruton, prime minister of the Republic of Ireland, tomorrow in an effort to break the deadlock over IRA arms which appears to be proving a stumbling block in the Northern Ireland peace process.

With the British government still refusing to enter direct talks with Sinn Féin until given further assurances on the IRA's large arsenal, the government of the republic is concerned that the momentum for peace could be lost.

At tomorrow's meeting, called at Sinn Féin's request, Mr Bruton and Mr Dick Spring, foreign minister, will meet Mr Gerry Adams, the Sinn Féin president, to discuss what nationalists described as the "latest hiccough in the peace talks".

However, Dublin is expected to use tomorrow's meeting to help find a formula acceptable to both sides on arms decommissioning, in an effort to break the talks impasse. Sinn Féin is maintaining its insistence that the British discuss arms in the broader context of total demilitarisation including illegal arms of all paramilitary organisations and the arsenals of the local police and British army.

Mr Martin McGuinness, the Sinn Féin vice-president, yesterday accused the British government of stalling the peace process over the demilitarisation issue. He said on BBC TV that international pressure would force Britain to modify its position. He also believed that talks with British minister Mr Michael Ancram would go ahead despite continuing disagreement over "demilitarisation".

"I think there is a great expectation now that a meeting with Sinn Féin and British government ministers will take place some time next week," he said.

Expectations that Mr Ancram would join exploratory talks with Sinn Féin were raised after he had met the leaders of parties linked to the loyalist paramilitaries for the first time last week.

Officials in Dublin are keen to play down any impression of impending crisis, describing the meeting as "part of ongoing contacts." Mr Bruton and Mr Adams met briefly in the US during the St Patrick's day festivities 10 days ago.

Mr Bruton suggested last week that the paramilitaries could make a move on arms as a goodwill gesture. But few politicians in Dublin expect real progress on arms before talks, with Sinn Féin intent on using the weapons issue as a bargaining tool to extract concessions on terrorist prisoners and policing.

The British response until now has been to move unilaterally on the sensitive question of army deployment, withdrawing the first soldiers from the province and then announcing on Friday that routine patrols in support of the police would be ended in all but a few militant border areas.

Sino Féin's vice-president Martin McGuinness yesterday accused the British government of stalling the Ulster peace process

Gooda Names in new court battle

By Ralph Atkins, Insurance Correspondent

Gooda Walker Names, among the worst-hit members of Lloyd's of London, will today begin a fresh court battle when they seek to head off an attempt to curb the level of damages to which they are entitled.

The Gooda Walker Action Group is expected to tell the High Court in London, which is due to set the final level of damages owing to the group's members, that they are entitled to more than £450m ($711m) for losses incurred in the late 1980s and in 1990.

Lawyers for Lloyd's agents' insurers are expected to argue the level of damages should be far lower. They suggest Gooda Walker Names should get little or no more than the £210m interim payment they were awarded last month. Names are individuals whose assets have traditionally supported the insurance market.

When the High Court ruled in October that the Gooda Walker names were entitled to damages, the action group hailed it as a victory. The court said the losses resulted from 'culpable' and 'unjustified' risks taken by the now-defunct Gooda Walker agency. The 3,000 members of the Gooda Walker action group lost heavily through natural catastrophes in the late 1980s.

Since the October judgment, the action group has faced an uphill struggle to receive any money. Even if they obtain a clear ruling on damages this week, payment is expected to be delayed pending another court hearing in late April on the principles on which damages are paid out of errors-and-omissions insurance cover bought by the Lloyd's agencies being sued by Names.

There is also a dispute about the level of funds available. The errors-and-omissions insurers have argued that only £115m is available to meet the interim award. At the same time, the complexity of this week's case may mean the issues at stake are not resolved in the five days allocated by the High Court. The insurers' lawyers are expected to challenge the Gooda Walker Action Group's figures on their estimates of the extent of the names' future liabilities resulting from losses in the Lloyd's insurance market. Other parts of the claim will also be disputed.

● A new tax relief expected to be introduced by the government to encourage insurance companies to build reserves for catastrophe losses should be extended to Lloyd's corporate investors, according to Mr Michael Wade, chief executive of CLM Insurance Fund, which specialises in corporate investment at the insurance market.

Minister says Major may face challenge

By John Mason

Mr John Major may face a challenge from inside his own Conservative party this year to his position as prime minister, a senior minister in his cabinet admitted yesterday.

Mr Malcolm Rifkind, the defence secretary and a loyal supporter of the prime minister, agreed that a Tory backbencher might mount a challenge to Mr Major's party leadership, but insisted that such a bid would have little political impact.

His comments came as senior ministers rallied round Mr Major amid increasing speculation that a challenge was being planned, possibly as a precursor to a more substantial bid for the party leadership by Mr Michael Heseltine, the trade and industry secretary.

Mr Rifkind's comments also followed an outspoken attack on the BBC by Mr Jonathan Aitken, chief secretary to the Treasury, who accused some of its interviewers of party political bias. THat was seized on by Labour as a sign of panic among ministers.

Mr Aitken's weekend accusation that the corporation had become the "Blair Broadcasting Corporation" prompted Mr John Prescott, the opposition Labour party's deputy leader, to claim that the attack was an indication of a possible early general election. Mr Tony Blair is leader of the Labour party.

Mr Rifkind told BBC radio: "It is always possible you will get some foolish individual backbencher who will put himself up as what is known nowadays as a stalking horse, but I don't think it will be significant." The defence secretary dismissed speculatioo of a serious leadership challenge as "bunkum". But he conceded that the government's popularity had suffered from the appearance of "disunity and discord".

Mr David Hunt, the cabinet minister recently appointed to head the committee overseeing policy co-ordination and presentation, also sought to calm Conservative party nerves by discounting the possibility of a serious leadership challenge. "It is completely hypothetical and it is not going to happen," he told BBC television.

Mr Hunt maintained the prime minister was setting a "winnable agenda", but warned that the government could win the next election only if its presentation became "much more effective".

Mr Major's position was strengthened by a Mori poll for The Sunday Times which indicated that the government's popularity would improve only marginally if Mr Heseltine toppled the prime minister.

The opposition Labour party yesterday launched a further attack on the government's track record on taxation, claiming that measures in its last national Budget would push the number of people paying income tax up to record levels next year, John Mason writes.

Cuts in the married couple's allowance and the freezing of personal allowances were responsible for an additional 500,000 people who are estimated to start paying income tax in 1995-96, said Mr Andrew Smith, one of the Labour party's senior Treasury spokesmen.

However, the government insisted thet the rise in those paying tax was dne to Britain's economic recovery.

In a parliamentary answer to Mr Smith, Sir George Young, a junior minister at the Treasury, disclosed that the number of people paying income tax is expected to rise from 25.7m in 1994-5 to 26.2m in 1995-96.

Sir George said the rise was dne largely to economic growth and an increase in the number of people in work.

The size of the UK workforce had grown by 174,000 between December 1993 and December 1994, he said.

Exchange members to face fines

By Norma Cohen, Investments Correspondent

The London Stock Exchange has decided to try to impose fines on marketmaking members found to be distributing valuable and exclusive information to non-marketmakers from their inter-dealer broker screens.

The information is valuable because the screens quote better prices for share trades between dealers than the exchange's "Seaq" screens do to investors.

The exchange's executive committee considered, bnt rejected, a proposal from its staff that it abandon a rule which gives its biggest member firms exclusive access to share prices quoted on the inter-dealer broker (IDB) screens.

The decision comes on the heels of a study by the Office of Fair Trading which concluded that limiting access to the screens, through which marketmakers can deal anonymously with each other, has "significantly anti-competitive" effects.

Institutional investors who know that a better price is being qnoted on the IDB screens can often persuade marketmakers to buy or sell at a price inside the "touch" – the best price at which shares are being hought or sold at any time.

The exchange's market supervision department had reported that there was "anecdotal evidence" that some marketmakers with access to the screens were conveying the prices to their clients.

Because the rule was being so widely broken, the department nrged that the rule be abandoned

As an alternative, it recommended rooting out and punishing wrongdoers.

Communication of IDB screen prices is believed to be a significant factor in explaining why a majority of Stock Exchange bargains as measured by value are conducted inside the touch.

Marketmakers expressed scepticism that fines and penalties could be made to stick, noting that as a practical matter, catching those who violated the rules required monitoring the telephone conversations of staff at 26 marketmakers all day long.

Treasury infighting over resources

By Robert Chote, Economics Correspondent

The UK Treasury's seven senior directors are haggling over staff and resources in the latest phase of what has proved a traumatic management restructuring in Whitehall's most powerful department.

The Treasury's management board met last week to try to make progress on agreeing the share-out of resources for each of its seven "directorates". Initial bids had been submitted earlier, coinciding with the department's internal budget planning process.

Restructuring into directorates followed the "fundamental expenditure review" into the department's running costs set up by Mr Michael Portillo when he was chief secretary to the Treasury.

The directorates cover macroeconomic policy, international finance, the Budget, public spending, financial reporting, financial regulation and personnel.

The Treasury restructuring comes as civil servants throughout Whitehall fear that senior jobs at other departments could be cut. Senior management reviews in other departments are assessing job requirements.

The outcome of the Treasury discussions will determine whether the jobs of any junior officials need to be shed and, if so, where and how many. The reorganisation has already seen a quarter of the Treasury's 100 senior posts abolished, all of which were achieved by voluntary redundancy. Final decisions on redundancies in the lower rungs of the hierarchy are due to be announced late next month.

But there is concern that abolition of senior Treasury posts has already put too much stress on some junior officials. This may limit the extent of further job losses at the bottom of the organisation.

Morale at the department is also being depressed by uncertainty among junior officials about job security. That has increased pressure on the management board to announce any decisions quickly.

The Treasury's revamped structure will formally take effect on April 1.

The seven directors and 15 assistant directors are now all in place, with a series of appointments at the next "team leader" level being announced last week.

Latest Rover will be sister of Honda Civic

By Kevin Done, Motor Industry Correspondent

Rover Gronp, the UK subsidiary of BMW of Germany, yesterday unveiled its new 400 series of family cars which will become its most important volume vehicles for the second half of the 1990s.

The Rover 400 series, which will go on sale in May, are the sister cars of the Honda Civic, which started production at the Japanese carmaker's UK plant late last year.

Rover, which emerged last year as the biggest UK vehicle maker by production volume, said that about £150m ($237m) had been invested in the development of the 400 series, which will be sold first as a five-door batchback priced from £12,000 to £16,000. A four-door saloon will follow early next year.

It will be produced under licence from Honda at Rover's main assembly plant in Birmingham, where £60m has been invested in plant and equipment.

About 700 jobs have been created at the plant in preparation for the launch of the 400 series. The additional posts are part of 1,450 new jobs announced by Rover last autumn.

The group hopes to raise output for the new 400-series to about 250,000 cars a year from the 200,000 achieved for the current Rover 200/400 and its sister car the Honda Concerto, which has also been assembled in Birmingham.

The launch of the Rover 400 series marks a significant step in reducing the group's dependence on Honda, as virtually all versions of the car will use Rover's engines including a new 1.6 litre version of its successful K-series family of engines. Honda engines will power only the automatic version of the new Rover 400.

Hooda aims to sell about 60,000 of its UK-built Civics in Europe this year while output of the Rover 400 range is forecast to reach about 250,000 a year at full volume as the UK carmaker seeks to expand its presence in mainland Europe.

The Japanese group says the the degree of commonality between the Honda and Rover ranges will be about 70 per cent for the bulk of Rover's output, which will use the K-Series engines. But this will rise to more than 90 per cent for the versions using Honda's automatic transmission and 1.6 litre engine.

Rover has been licensed to produce the five and four-door versions of the new range until the end of the year 2000, but an extension conld be negotiated according to Honda.

Troubled Lotus set to don new colours

Kevin Done looks at the Italian families interested in acquiring an irresistibly famous sports carmaker

Group Lotus, the UK sports car maker which is due to pass into the hands of new Italian suitors, has had a chequered ownership bistory since the death in 1982 of Colin Chapman, its founder.

Its name has continued to exercise an irresistible attraction in spite of the financial problems facing Bugatti Automobili, the current owner.

The latest interest has come from two of Italy's wealthiest indnstrial families, the Bonomis and the Benettons.

They are partners in 21 Invest, a joint venture company formed last year in the UK by the investment houses of the Benetton (21 Investimenti) and Bonomi (Invest Group) families.

Mr Andrea Bonomi, the managing director of 21 Invest, has celebrated his 30th birthday this weekend finalising the negotiations for the Group Lotus takeover.

The Bonomi group has had wide-ranging interests in industry and property, but today its main activity is control of Saffa, an Italian group with operations in cardboard, chemicals, matches, wine, coffee trading and real estate, and Sarrio, a Spanish producer of cartonboard. The group, which is controlled by Mr Carlo Bonomi, Andrea's father, claims an annual turnover of about $900m.

Mr Andrea Bonomi is seeking to expand the group's financial operations by developing 21 Invest in collaboration with the Benettons as a venture capital group aimed at initiating and implementing management buy-outs and buy-ins in Europe.

The Benetton interest is represented by Mr Alessandro Benetton, of a similar age and background to Andrea Bonomi. Both have been educated in business administration in the US, and both have had spells learning the ropes at leading investment banks, Mr Benetton at Goldman Sachs in London, Mr Bonomi at Lazard Frères in New York and Kleinwort Benson in London.

Both also have an eye for fast cars.

Since 1988, Mr Alessandro Benetton has been president of the Benetton Formula One racing team. The Benetton group already has a 50 per cent holding in the TWR group led by Mr Tom Walkinshaw, the UK entrepreneur whose interests straddle motor racing – he is technical director at Benetton Formula One – and mainstream automotive engineering and development.

21 Invest insisted yesterday that, if the takeover goes ahead as planned, Group Lotus and TWR will be kept separate and will compete with each other.

According to Mr Bonomi, heads of agreement for the takeover of Group Lotus have been signed with Bugatti, and the deal could be completed later this week.

Lotus would benefit from some stability of ownership.

Colin Chapman was one of the most creative and successful designers of racing cars in the history of motor racing - his cars won six drivers' and seven constructors' world championships in the 1960s and 1970s - but Group Lotus struggled to survive financially both before and after his death in 1982.

Ownership from 1986 by General Motors of the US, the world's biggest vehicle maker, proved no more secure. Lotus plunged to a pre-tax loss of £36.6m in 1992 on a turnover of only £60.98m.

Group Lotus suffered its biggest set-back in 1992, when it was forced by rapidly mounting losses to cease production of the Elan sports car less than two-and-a-half years after launch. The Elan became one of the shortest-lived new cars on the world market and cost Lotus a write-off of £24.4m.

In the wake of the Elan debacle, Group Lotus was restructured and much reduced in size, as it was readied for disposal by GM. Car output fell to 330 in 1993 from 2,241 in 1991. The workforce was cut from 1,717 in 1990 to about 700.

21 Invest says that the business has been turned round to achieve "a good level of profitability" in the last 18 months, and it has remained largely insulated from the financial problems afflicting Bugatti.

The core of Lotus' operations is automotive engineering consultancy rather than sports car production, and Mr Adrian Palmer, Lotus managing director, maintains that the planned change of ownership has "the full support of our clients".

Lotus has its own new product development programme and is planning to launch a new lightweight affordable sports car next year in the mould of the old Lotus 7 to add to its current range of Esprit luxury sports cars.

When GM was seeking a buyer for Lotus, Mr Palmer sought unsuccessfully to mount a management buy-out. Belatedly that aim may now be achieved through the intervention of the Bonomis and the Benettons.

NEWS: UK

Polly Peck creditors offered interim payment

By Jim Kelly,
Accountancy Correspondent

Administrators to Polly Peck International, part of the collapsed business empire of Asil Nadir, have offered creditors an interim payment of 1.75p in the pound.

The payment is the first to up to 1,700 creditors hit by the collapse of PPI in 1990 with debts of up to £1.3bn. Mr Nadir fled the UK in 1993 for his native northern Cyprus.

If the creditors accept the offer it will mark the first distribution of funds since the collapse. Subsequent payments are possible up to a further 2.6p in the pound.

Mr Chris Barlow, lead administrator to PPI and a partner with Coopers & Lybrand, said: "I am delighted to say that, if approved, this scheme will allow us top make a distribution to creditors which will be at the upper end of the range we indicated in our 1994 report to creditors."

So far total realisations of Polly Peck Group assets have reached £465m ($734m). Not all such realisations flow to PPI as parts of the group are ring-fenced for other creditors.

The administrators estimate a "black hole" of missing funds in PPI of £500m. When Nadir fled the UK he faced charges of false accounting ond theft involving £34m.

The offer is being made to 1,200 ordinary creditors and between 1,000 and 5,000 bond holders. A letter has been sent to 23,000 shareholders telling them they are excluded from the scheme by law in respect to a declared, but unpaid, dividend.

The first distribution estimate of 1.75p is based on claims at October 1990. If the offer is accepted by the creditors, and cleared by the courts, the payment will be based on claims at the date the scheme commences. The creditors meeting has been called for April 26 at Westminster Central Hall in Loodon. The payment of the interim dividend is planned for early July. The announcement of the planned distribution followed the sale last week of PPI assets in northern Cyprus to new owners for an undisclosed sum. That sale will eventually contribute to the assets available for distribution, but is not expected to make a significant difference to the final dividend.

The distribution to creditors is being made under a proposed scheme of arrangement which allows the administration of PPI to continue while payments are made and avoids moving the group into liquidation.

As a result the administrators will be able to continue in efforts to sell remaining PPI assets around the world. These include companies in Turkey, the Far East and Uruguay. Funds available for distribution to creditors may also be swelled by the proceeds of legal actions launched over the collapse of the Polly Peck empire. So far the costs of the administration of PPI, including legal actions, have reached £34.8m.

UK NEWS DIGEST

Cross-Channel pipeline 'may be underused'

The UK's proposed £440m ($695m) cross-Channel gas pipeline is unlikely ever to be used at its full capacity, according to a leading oil and gas consultancy. Wood Mackenzie Consultants, part of NatWest Group, says in a report that the potential market in Europe for UK gas exports is well below the pipeline's capacity of 20bn cu metres a year.

The report says that the supply gap in the year 2000 is likely to be only 1bn cu m, rising to a maximum of 16bn cn m in 2005, although the gap might be 4bn cu m that year only if existing contracts are rolled over or increased. The government approved the pipeline in December. It will link the East Anglian coast with Zeebrugge in Belgium and tap into the gas pipeline network in mainland Europe. Due for completion in 1998, the line is seen as an important potential channel for gas exports and, after UK gas runs out, for imports from Russia.

Wood Mackenzie sees further difficulties in developing sales of UK gas through the pipeline. The consultants do not believe that UK gas could compete on price, and even if it could, there are physical and regulatory obstacles to penetrating the mainland European market. The pipeline could, however, encourage a spot market in gas and lead to sales of small parcels of UK gas in Europe.

David Lascelles, Resources Editor

Tractor output to rise

Massey Ferguson Tractors is preparing to start production at its Coventry plant of a new range of machinery of up to 105 horsepower. Mr Aaron Jones, director of operations, said the final decision on whether to invest about £15m ($23.7) in new production facilities would be made in the next two months.

This would be the first significant investment at the Coventry plant by Agco, the Atlanta-based farm machinery group, which last June completed the purchase of Massey Ferguson from Varity Corporation of Buffalo for $330m (£214.5m). The decision will be made against the background of sustained demand for new tractors. Massey Ferguson's production this year will be 50 per cent higher than in 1992.

Paul Cheeseright, Midlands Correspondent

Bank predicts rates increase

UK interest rates will rise in the next two months, but the government may be forced to provide relief for the housing market, says the latest forecast from National Westminster Bank. Mr David Kern, chief economist, says special measures are necessary to reconcile the need for higher rates on general macroeconomic grounds, with the risk that this will damage weak sectors of the economy.

Mr Kern says: "The potential conflict ... can best be resolved in the short term by specific support which is particularly badly needed in the housing market." Figures released last week showed that mortgage lending in February fell compared with the same month last year. This was the latest in a series of indicators confirming housing market weakness.

Philip Gawith, Economics Staff

Minister boosts broadcasting

Britain's National Heritage secretary Mr Stephen Dorrell will this week spell out the details of his plan to create a broadcasting sponsorship unit designed to increase the international competitiveness of Britain's broadcasting industry. The new National Heritage Unit, which will include people seconded from traditional broadcasting and the independent production sector, will be taking on a role previously carried out by the Department of Trade and Industry.

For years there have been tension and disputes between the Home Office – and later the Department of National Heritage – which had regulatory responsibility over the media and the Depaerment of Trade and Industry, which had the industrial promotion role as well as radio frequency regulation. By uniting both regulation and sponsorship within National Heritage Mr Dorrell appears to have strengthened the department in this respect against Mr Michael Heseltine's DTI. Mr Dorrell's action also seems to have put an end to any lingering suggestion that one day the DTI should take over responsibility for broadcasting.

● Newspaper Publishing, the company that owns both The Independent and the Independent on Sunday, is looking this week for an editor of the Sunday newspaper after the resignation of Mr Ian Jack.

Mr Jack's tenure as editor of the Independent on Sunday started in 1991 and is widely regarded as a success even though the paper's circulation of about 420,000 has never matched its critical reputation. The main reason for the resignation of Mr Jack, who is becoming the editor of Granta, the literary magazine, is disenchantment with the management approach of the Mirror Group.

Raymond Snoddy

Hunt saboteurs arrested: At least 10 hunt saboteurs were arrested when more than 200 demonstrators clashed with police and supporters of the Garth and South Berkshire Hunt in southern England. Police had been tipped off about the demonstration and arrived in force to prevent violence between hunt supporters and saboteurs, some of whom wore balaclava hoods and wielded sticks.

Bomb evacuation: About 4,000 people are to quit their homes for up to 48 hours after the discovery of an unexploded German bomb under an old football pitch. The residents of Portland Bill on the coast of south-west England all live within a 2,000-metre police exclusion zone set up after the half-tonne bomb was exposed by a bulldozer. "It is the largest evacuation in this area since the war," said a police spokesman.

Phonecard riches: Phonecard collecting is one of the world's fastest-growing hobbies, says the latest Miller's Collectables guide. "There is now an international market for phonecards – prices vary depending on the card's rarity and condition," said Miller's, best known for its guides to the antiques market. A card issued by British Telecommunications to commemorate the 1987 Open Golf Championship at Muirfield could now be worth £1,000 ($1,590) says the guide.

Thick fries preferred: British consumers still prefer their traditional thick French fried potatoes to Thin American-style fries, says a survey from the manufacturers of HP sauce. It says two-thirds of Britons eat a plate of fries, known in Britain as chips, at least once a week. (Potato chips are called crisps in Britain).

Decline of a dynastic business

Roderick Oram explains why the rescue of a central part of the Vestey family's empire has failed

Few of the banks which were unwise enough to lend to developers at the height of the 1980s property boom wera lucky enough to recoup all their money in the subsequent crash.

Thus lenders to Union International, one of the main companies in tybe empire controlled by the Vestey family, should be delighted. THe family, whose interests in the international meat trade go back more than 100 years, is one of Britain's best known business dynasties.

So far the lenders have got back all but £50m ($79m) of the £430m they lent to the wayward group without losing a penny of interest.

So, if the wind-up of Union under the care of the banks had been a textbook exercise to date, why did the banks suddenly pull the plug last Wednesday and put Union, including J.H. Dewhurst, the largest UK chain of butcher's shops, into receivership?

"I believe it is a great tragedy that the thing has not been wound up satisfactorily," said one adviser. Some advisers said the quick decision of the Lloyds-led bank consortium to appoint receivers might prove to be a mistake in the long run. Less money might be raised by Ernst & Young, the receivers, than by Union's bank-appointed managers if they had been allowed to complete their task. If that is the case, one losing party could be the 8,000 bolders of the cumulative preference shares.

Union contained a wide range of the Vestey family assets, from ranches in South America and Australia to meat processors and trading companies. Laid low by weak family management and property speculation, it fell into the haods of its bankers in 1991.

Schroders, advising the Vesteys, recruited Mr Terry Robinson from Lonrho to tackle Union's problems. The family and banks approved hia appointment and a "highly incentivised" remuneration package. The more money he recouped, the more he was to be paid.

"The beginning of the repayment exercise went extremely well," said Sir John Collins, chief executive of Vestey Group. A former chairman and chief executive of Shell UK, the Vesteys appointed him in 1993 to run most of the non-Union parts of the Vestey businesses. "The last furlong is the one that's proved difficult and less successful and not completed in the time allotted," he said.

Mr Robinson got off to a quick start, but then a series of setbacks hit his disposal programme. Most crucially, poor stockmarket conditions in Australia prevented the flotation of Angliss Pacific, a food distributor. Other problems inclnded receivership at a New Zealand company.

The banks had agreed to a three-year debt standstill to December 1994. But, as the setbacks mounted last summer, they became "nervous that time was running out", according to ooe adviser. A number of banks said they would not extend the standstill.

The key issue became how to sell Angliss Pacific and other assets, such as 14 ranches in Venezuela, totalling 1,300 sq miles. NM Rothschild was appointed by Union to find buyers.

But before its marketing exercise was complete, the banks seized on an offer from the Vestey Group to buy these and other assets for £100m.

The only other potential bidder was a management buy-out proposed by Mr Robinson himself and some colleagues. With two members of the board involved in the Vestey Group bid and two with the mbo, Rothschild was given the Solomon role of deciding which offer to put to shareholders.

The Vestey offer was appraised by Coopers & Lybrand for the bank consortium and Rothschild for Union, while S.G. Warburg advised Vestey Group.

All parties considered it fair, so it was put to a Union EGM on November 18. The Vesteys, with all ordinary shares and one third of preference, held about 90 per cent of combined voting power. The EGM approved the sale.

The cash value of the transaction to the Union creditors was some £58m. An additional sum of up to £24m could be paid by Vestey Group, depending on profits over the next 25 years on property development on a Venezuelan farm.

The assets bought represent a sizeable chunk of Vestey Group's net assets, which total between £500m and £700m. The group, involving shipping, financial services and other interests, last year made an operating profit of about £35m on turnover of £500m.

This year, Mr Robinson's problem has been to sell the rump of Union. With the standstill agreement informally rolled over to June, banks began to get nervous again about the lack of further sales.

This week they suggested calling in a receiver at Dewburst, rather than supply it with "a few million more pounds", one lender said. But thet action jeopardised trade credit for other Union businesses and so the only option was to put all of Union into receivership.

Several people close to Union and its banks expressed doubt last week that the receivers could raise enongb from selling the remaining assets to cover the last £50m of debt. There is likely to be nothing for preference shareholders.

Although the Vesteys are left with some choice assets, they have paid a high price for years of incompetence. In the 1990s they have injected some £145m into Union, which has been lost. Moreover, their original shareholder value in Union, a once mighty company, bas evaporated entirely.

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

■ TODAY
Abbey Nat First Cap Sb FRN '04 C$31.79
Ashanti Goldflds $0.25
Australian Ind Dev 6% Bd '98 Y60000.0
Boustead 0.35p
Brit Gas 10⅞% Bd '01 £108.75
Brit Land 6⅞% Bd '23 £443.75
Do 12½% Bd '16 £625.0
Brit Telecom 8⅛% Bd '20 £51.03
Cable & Wire Int Fin 8⅝% Bd '16 £704.38
Do 10⅜% Bd '02 £1037.50
Chubu Elec Power 7% Nts '96 $350.0
Daily Mail & Gen 5¾% Bd '03 £28.75
Daiwa O'seas Fin Nts '02 $4599.31
Daiwa PB Sb FRN Y2393425.0
East Mid Elec 12% Bd '16 £1200.0
Eksportfinans 8⅛% Nts '95 $81.25
Finland 9¾% Nts '97 £97.50
First Priv Fin Nts '21 £2011.64
Fuji Bk Intl Fin Pp Sb FRN Y239342.0
Do Un Sb VRN Y71078.0
Greenfriar 4.65p
HIH Cap 7½% Bd '06 £187.50
Isetan 6.4% Nts '97 Y640000.0
Ishihara San Kai 5.35% Bd '98 Y535000.0
Do 5.7% Bd '03 570000.0
Italy 6⅞% Db Tst Sept 27 '23 $34.375
Japan Air Term 6.4% Bd '99 Y640000.0
Japan Dev Bank 8½% Nts '96 $425
Kajima 6.35% Bd '96 Y635000.0
Do 6.35% Bd '97 Y635000.0
Marubeni Am VRN '97 Y475000.0
Marubeni Int Fin 8.4% Bd '96 Y6400000.0
Mersey Docks 6¾% Do '96/99 £3.375
Met Water Board 2¾% Db '97 £1.375
Mitsubishi Fin FRN 2000 $23682.85
Mountview Estates 12p
MTBC Fin (Aruba) Sb FRN '02 $3153.40
National Grid 7⅜% Bd '98 £737.50
National Power 10⅝% Bd '01 £1062.50
NT & T 8⅞% Nts '97 $68.75
Nobo Grp 2.2p
Northern Rock 10⅜% Bd '18 £1037.50
River & Merc Grd Cap & Inc Tst '99 1.4p
Robert Fleming Intl Fin 8¼% Sb Nts £92.50
Royal Insce 9⅝% Bd '03 £96.25
Sabre Intl VR Secd Nts '98 Y63659.0
Scottish Life Ass 7⅛% Un Ln '97/02 £3.5625
Southern Elect 10¼% Bd '02 £1025.0
Stars 1 FR Mtg Bkd '29 £142.47
Svensk Exportkredit AB 8% Nts 03 £800.0
Sweden 8⅝% Bd '10 $431.25
Db 8¾% Bd '96 $437.50
Tokai Bank Ned Flg/Fxd Rate Nts '02 $3101.22
Tokyu Land 5.3% Bd '98 Y530000.0
Treasury 8% '13 £4.0
Welsh Water 10¾% Bd '02 £537.50

■ TOMORROW
Barings FR Cap Nts '01 $16.72
Brit Telecom Fin 10⅝% Nts '95 Ecu106.25
Cheshire Bldg Scty Fltg Rate Perm Int Brg £99.5469
London Elec 6% Bd 2003 £73.33
Nationwide Bldg Scty 11¼% Nts '97 £562.50
Seehan Merchant Bank FRN '95 $851.56
Yorkshire Elec 9p

■ WEDNESDAY MARCH 29
Australian Ind Dev 10½% Bd '99 £105.0
Fujita FRN '97 Y718750.0
Gencor R0.06p
Great Universal Stores 30p
Hotspur Inv 7.5p
Italy (Rep of) FRN '98 $82.81
Kohap (Hong Kong) FRN '96 $923.83
Nomura Bank 9⅛% Sb Bd '95 $458.75
Potgietersrust Platinums R0.30
Residential Prop Secs A1 Mtg Bkd FRN '25 £896.37
Do Class A2 £1664.69
Do Class B £1918.66
Saitama Bk FR Sb Ln 2000 $167.50
Thai Prime Fund $1.0
Yasuda Tst Asia Pac Gld FRN '04 $1718.75

■ THURSDAY MARCH 30
Abbey Natl First Cap Sb FRN '02 $27.97
Abbey Natl Treas FRN '96 £177.03
Banco Real 10% Nts '95 $500.0
Bank Arbeit und Wirtschaft Sb FRN '99 $289.10
Bass 10⅜% Db '10 £5.1675
Brit Telecom Fin 8⅝% Bd '95 $431.25
Conrad Ritblat Sinclair Golds 0.15p
Finsbury Sm Co Tst 2.2p
Fleming Overseas Inv Tst 1.5p
Greycoat Nts '02 £15625.0
Mckay Sec 2.1p
OKI Elec Ind 8.50% Bd 2000 Y650000.0
Primadona 2p
Seagram $0.15
Treasury 15½% '98 £7.75
Treasury 7¼% '98 £3.625
United Kingdom FRN '96 $156.25
Updown Inv 13p
Woolwich Bldg Scty FRN '97 £169.33

■ FRIDAY MARCH 31
Alexander & Alex Services $0.025
Do Class C 0.018p
Alexon 5% £1.75
Allnatt Lon Props 9¼% Db '96/01 £4.625
Anglo Fin No.1 FRN '01 £2025.80
Do Snr Secd FRN '01 £1597.06
Anglo Fin No.2 FRN '04 £2183.98
Do Snr Secd FRN '04 £1802.47
API 3.85% 1.925p
Assoc Brit Eng 4.9% 2.45p
Do 8% 4p
Atlantic Met 12% Un Ln '91/97 £6.0
Audax Props 11% Do '21 £5.50
Austin Reed 8% 2.8p
Automotive Prods 3.5% 1.75p
Do 4.55% 2.275p
Do 9% 4.5p
Avis Europe 11¾% Bd '98 £117.50
BAA 11¾% Bd '16 £587.50
Bass Inv 7⅜% Ln '92/97 £3.6875
Bass 10.65% Do '96/99 £5.325
Do 4½% Un Ln '92/97 £2.25
Do 7¾% Un Ln '92/97 £3.875
Bellwinch 0.2p
Bemrose 7¼% 2.625p
Beresford 5% Un Ln '15 £0.60274
Black & Decker $0.10
Blue Circle Inds 5¾% Do '84/09 £2.875
Boddington 4% Db £2.0
Boot (H) 5¼% 2.625p
Bowater 7.75% 3.875p
BP America 8⅝% Bd '99 Ecu86.25
Brldon 7% 1.225p
British Air Cap 9¾% Cap Bd '05 4.861644p
British-Am Tobacco 5% 1.75p
Brit Assets Tst 4½% 1.575p
Db 5% 1.75p
Brit Inv Tst 11.125% Db '12 £5.5625
Brit Land 10½% Do '19/24 £5.25
Do 9⅜% Do '28 £4.6875
Db 11⅜% DB '19/24 £5.6875
Brit Telecom 12¼% Bd '03 £306.25
Do 12¼% Bd '06 £306.25
Brixton Estate 11.75% Db '18 £5.875
Brockhampton 9.5% Red Prf '96 4.75p
Brown (J) 4⅞% Ln '03 £2.4375
Do 5⅝% Ln '03 £2.8125
Cable & Wire 7% Un Ln '08 £3.50
Cap & Counties 8¼% Do '93/98 £3.125
Do 6¾% DB '95/00 £3.375
Carco Eng 10.5% 5.25p
Cheam Grp 3.15% 1.575p
Do 4.9% 2.45p
Do 7% 3.5p
Churchbury Ests 9% Un Ln 2000 £4.50
City Site Ests 10.5% Db '17 £5.25
Cleveland Place 5% Do 2000 £2.50
Do 12⅛% '08 £6.0625
Coats Viyella 4.9% 2.45p
Collateralised Mort (No.8) FRN '28 £123.06
Db (No.11) FRN '28 £117.55
Commercial Union 8⅜% 4.1875p
Cooper (F) Prg Pf 3.25p
Courtaulds Clothing 7½% Pf 2.625p
Courtaulds 7¾% Un Ln 2000/05 £3.875
Courts 5.9% Pf 2.95p
Cowie 10.5% 5.25p
Credit Foncier de Fr 14¾% Ln '07 £368.75
Dai-Ichi Kangyo Bk 3⅞% Bd '04 $96.875
DAKS Simpson 5% 1.75p
De Beers Centenary Fin 8¼% Un Ln '09 £4.125
Debenhams 6¼% Db '90/95 £3.125
De La Rue 2.45% 1.225p
Drayton Eng & Intl Tst 5½% 1.925p
Do 8.875% 4.4375p
Do 10⅝% Db '14 £5.3125
Drummond 8% Pf 2.8p
Dudley Jenkins 1.1p
Eastern 8⅝% Bd '04 £89.56
East Surrey 9.5% 4.75p
Edinburgh Small Co's Tst 7¾% Do '23 £3.875
Eliot (B) 7¼% Db '90/95 £3.625
Emhart 6% 2.1p
Empire Stores 8¾% Do '91/96 £4.375
Engelhard $0.12
English & Scottish Invs 1.35p
Do B 0.010938p
Do 3.75% £1.875
Fidelity Euro Values Un Ln '01 0.9248p
Filofax 1.05p
Finsbury Gwth Tst 5% 2.5p
Finsbury Tst 5.25% 2.625p
Fisons 5¾% Un Ln '04/09 £2.9375
For & Col Emerging Mkts Inv 6½% Un Ln '10 £3.25
Do Eurotrust 5¾% Un Ln '98 £2.875
Do Income Grwth Inv Tst 0.7p
Db Inv Tst 5% 1.75p
Formminster 11% 5.5p
Fuji Bank 1¾% Bd '02 $43.75
Fujitsu 3% Bd '99 $75.0
Do 5½% Bd '96 $27.50
Fulcrum Inv Tst 2.65p
Gartmore Shared Eq Tst 2.4p
GATX $0.40
GEC 2.95p
Glynwed Intl 10¾% Un Ln '94/99 £5.375
Govett Strategic Inv Tst 11½% Do '14 £5.75
Grainger Tst 10.5% Do '24 £5.25
Do 11⅛% Db '24 £5.075
Great Portland Ests 9.5% Do '10 £4.75
Do 10¾% Do '21 £5.375
Greenalls 8% 4p
Greenhaven Sec 7½% Un LN '91/96 £3.75
Green Property IR3p
Greycoat 9.5% Bd '03 £475.0
Haco 10⅝% Do '17 £5.3125
Halma 11% 5.5p
Hampton Tst 10½% Db '25 £5.25
Haslemere Ests 10¼% Db '98/03 £5.125
Hewetson 0.75p
Hill & Smith 14% Db 2000/03 £7.0
Homer Fin (No 1) FRN '28 £117.31
Db Class B FRN '28 £215.81
Do (No 3) Class A1 FRN '36 £126.06
Do Class A2 FRN '36 £171.52
Do Class A3 FRN '36 £174.64
Do Mezz FRN '36 £188.97
Housing Fin 5% Db '27 £2.50
Do 7% Db '03 £3.50
Do Ser 2 £3.50
Hoyle (J) 5% 1.75p
Inco Eng Prod 11% Do '96/01 £5.50
Investment 6% 1.05p
Investors Cap Tst 7¼% Db '92/97 £3.625
Irish Conti IR2.4p
Ivory & Sime Ent Cap Un Ln 2000 £2.0
Johnson & F Brown 11.05% 5.525p
Johnston 10% 5p
Jones, Stroud 10% Pf 5p
Jupiter Intl Green Inv Tst 1.9p
Do Units 1.9p
Kalsey Inds 11⅝% 5.825p
Kingsley & Forster 3.86% 1.925p
Land Sec 6¼% Db '93/98 £3.125
Db 9% Do '96/01 £4.50
Do 10% Do '25 £5
Do 10% Db '27 £5
Do 6⅞% Un Ln '92/97 £3.4375
Do 7% Bd '08 £35
Leigh Interests 6% 3p
Lilsife Intl Bd '04 $225.68
London Cremation 10% 3.5p
Lon Merchant Sec 10% Db '18 £5
Lonrho 10¼% Do '97/02 £5.125
Lookers 8% 4p
Majedie Inv Db '20 £6.4910
Mansfield Brewery 11½% Db '10 £5.75
Marston, Thompson & E 7% Un Ln '93/98 £3.50
McCarthy & S 7% Un Ln '99/04 £3.50
MEPC 3.65% 1.825p
Do 9⅛% Db '97/02 £4.575
Db 12% Db '17 £6.0
Do 8% Un Ln 2000/05 £4.0
Mercury Key Inv Tst 5% 1.75p
Mid Kent Water 12⅜% Db '95 £3.1875
Mitsubishi Elect 2⅞% Bd 2000 $71.875
Do 5¼% Bd '98 $131.25
Db 5¾% Bd '96 $143.75
Morland 5% 1.75p
Morris Ashby 2.2p
Mucklow (A & J) 13¼% Db 2000/05 £6.625
NatWest Small Co's Inv Tst 1.125p
NEC 2⅞% Bd 2000 $71.875
Do 5¼% Bd '97 $131.25
Do 5¾% Bd '96 £28.75
NEC Fin 10⅝% Db '10 £5.3125
Db 13⅝% Db '16 £0.8125
Newcastle Upon Tyne 11¼% '17 £5.625
New Throgmorton Tst 12.6%
Do '08 £6.30
NHL (3) Sec FRN '36 £137.56
Do Class A2 FRN '36 £174.64
Do Mezz FRN '36 £188.97
NHL (1) Sec FRN '28 £99.66
Nissan Motor 5⅝% Bd '98 £143.75
Db 6% Bd '98 £30.0
North Devon Water Board 4% '96 £2.0
Northern Ireland Elec 3.9p
Northern Telecom $0.09
North Surrey Water 9½% Do '94/96 £2.375
Oldham Met Borough 12.40% '22 £6.20
Oliver 5.25% 2.625p
Orient 8% Bd '95 £40.0
PCO Fin 8% Cap Bd '05 £200.0
Peel South East 8¼% Un Ln '87/97 £4.125
Petroleos Mex 14½% Ln '06 £7.25
Plantation & Gen Inv 12% Un Ln '01 £6.0
P & O Prop 8% Un Ln '97/99 £4.0
PUBCO 11¼% Do '06 £5.625
Readicut Intl 6% 1.05p
Do 5⅝% 2.0125p
Reckitt & Col 9.5% Cap Bd '05 4.75p
Renold 6¾% Do '90/95 £3.375
Rights & Issues Inv Tst 0.47p
Do Inc 6.9p
RIT Cap Partners 2.5% Un Ln 2000 £1.25
Royal Bk Can FR Do '05 $52.74305
Royal Bk Scot Ser A $0.703125
Do Ser B $0.70
Db Ser C $0.59375
St. David's Inv Tst 3p
Scantronic 5.75% 2.875p
Scholl 5¼% '06/11 2.625p
Do 8⅞% '01/05 4.4375p
Schroder Splt 2.1p
Scottish Mort 8%-14% Stppd Db '20 £7.0
Scottish Nat Tst Step'd Prf Sh 3.517751
Do 10% Db '11 £5.0
Securities Tst Scotland 4½% £1.575
Db 12% Db '13 £6.0
S.E.P. Ind 0.9565p
Shaftesbury 8.5% Db '24 £4.25
Shell Trans 5½% 1.925p
Shires High-Yielding Small Co's 1.8p
Shires Inv 11% Un Ln '03/04 £5.50
600 Grp 3.15% 1.575p
Do 4.55% 2.275p
Do 11% Un Ln '92/97 £5.50
Smith (WH) 5¾% 2.875p
Smith New Court Sb Un Ln '01 £6.0
Smith St. Aubyn 6% 2.1p
Do 9.5% 4.75p
Sth African Brew 6.2% R0.062
Stag 11% 5.5p
Std Chart 12⅞% Sb Un Ln '02/07 £6.4375
Staveley Inds 5¼% 1.9375p
Sterling Inds 5½% 1.925p
S & U 6% 2.1p
Symonds Eng 5¼% 2.625p
Tate & Lyle 6½% 2.275p
Do 8% Un Ln '03/08 £4.0
Do 10¾% Un Ln '03/08 £5.375
Telekom Malay Bhd 4% Bd '04 $98.33
Temple Bar Inv Tst 9.25p
THFC (Indexed) 5.5% IL '20 £3.3509
Three Valleys Water 4% £2
Thwaites (D) 5% 1st Cm Pf 17.5p
Tops Estates 7½% Un Ln '20 £3.75
Tor Inv Tst 4¾% 1.6625p
Do 6% 2.1p
Trafford Park Ests 11¾% Db '07/10 £5.875
Transport-Dev 9¼% Un Ln '95/00 £4.625
Treforest Silk Print 8% 2.1p
Triplex Lloyd 5½% 1.925p
Truck Funding FRN '97 £895.0
TSB FRN £176.39
Unigate 5% Un Ln '91/96 £2.50
Do 6½% Un Ln '91/96 £3.25
Vickers 5% £1.75
Do 5% Non-Cum Pref 1.75p
Do 5%(tax free to 30p) 2.5p
Volex 7% 2.45p
VSEL 11% Un Ln '96 £5.50
Warburg (SG) FRN '06 $365.09
Warner Estate 6½% Un Ln '91/96 £3.25
Wells Fargo FR Sb Nts '2000 $53.62
Westland 12⅜% Db '08 £6.1875
Westpac Banking Cap FRN $295.12
Whitbread 4½% Do '99/04 £2.25
Wilkinson & Riddell 5% Pf 2.5p
Williams Hldgs Cv Pf 4p
Do 10.75% 5.375p
Wintrust 3.65p
Do 5.75% 2.875p
Do 10.5% 5.25p

■ SATURDAY APRIL 1
Airtours Pf 3.1875p
Allied Domecq 9¾% Db '19 £4.875
Do 5¼% Un Ln £2.625
Do 5¾% Un Ln £2.875
Do 6¼% Un LN £3.125
Do 7½% Un Ln £3.75
Do 7¾% Un Ln '93/98 £3.875
Asda Prop 10⅜% Db '11 £5.15625
Baldwin 7% 2.45p
BET 5% Do £2.50
Bristol Water 11.20% Db '05/09 £5.60
Do 11¾% Do '04 £5.875
Do 12½% Db '04 £6.25
Brit Land 8.625% £34.4054
Britton Cm Pf 2.25p
Brixton Est 10⅝% Do '12 £5.3125
Caffyns 6½% 1st Pf 2.275p
Do 10% Pf 5p
Cape 8.4% Pf 4.2p
Central Motor Auctions 2.25p
Chesterfield Props 5.25% 2.625p
Coastal $0.10
Conv 3½% Ln £1.75
Edinburgh Inv Tst 5¾% Do '98 £2.875
Essex & Suffolk Water 9⅞% Db '97/99 £4.9375
Do 11.2% Db '05/09 £5.60
Do 11.5% Do '95/97 £5.75
Do 11¾% Do '02/04 £5.875
Fairline Boats 10.5p
First Chicago $0.55
First Choice Holidays 4.875p
Fiscal Props 7½% Cv Ln '20 £3.75
Fleming Continental Euro Inv 6% 1.75p
Fleming Far East Inv Tst 4½% 1.575p
Do 5% Pf 1.75p
General Cons Inv 5½% Pf £1.925
Glaxo 6⅜% Un Ln '85/95 1.6875p
Grand Met 4⅝% Pf 1.6625p
GTE $0.47
Hardys & Hansons 6% 2nd Pf 2.1p
Hull 2½% £1.25
Do 3½% £1.75
Illingworth,Morris (Saltaire) 6½% Pf 2.275p
Do 2nd Pf 2.275p
ITT $0.495
Johnson Matthey 5% Pf 1.75p
Kunick Cv Pf 3.5p
Do 8.25p Cv Pf 4.125p
Leeds (City of) 13½% '06 £6.75
Liverpool 3½% £0.875
Marshalls Cv Pf 3.25p
Menzies (J) 4.6p
Do 9% Pf 4.5p
MEPC 10½% Un Ln '32 £5.25
Mercury Key Inv Tst 7¾% Db '20 £3.875
Do 11⅜% Do '10/15 £5.6875
Met Water Board 3% (A) '63/03 £1.50
Mid Kent 10% Pf 5p
Mid-Sussex Water 10% Db £5.0
Do 12% Do '10 £6.0
Morgan Crucible 3.85% Pf 1.925p
Do 3.5% 2nd Pf 1.75p
Motor World 5.2p
NSW Trees 12.1% Exch Bd '95 A$605.0
Port Lon Auth 3½% '49/99 £1.75
Prowting 8.8% Pf '02 4.4p
Reading 3½% £1.75
R.E.A. FR Un Ln '95/98 3.875p
Republic New York $0.36
Sara Lee $0.17
Sphere Inv Tst 5% Pf 1.75p
Stewart & Wright 6% Pf 0.75p
Taylor Wood 9½% 1st Mtg Db '14 £4.75
Throgmorton Tst 1.4p
Treasury 2½% £1.25
West Tst 0.5p
Whitbread 5½% 2nd Pf 1.925p
Do 5¾% Un Ln £2.875
Wigan 3% Rd £1.50
Witan Inv 8½% Db '18 £4.25
Woolcombers 7½% Pf 2.625p
Do 6% 2nd Pf 2.1p
Xerox $0.75

UK COMPANIES

■ TODAY
COMPANY MEETINGS
Chieftain Grp, Gosforth Park Hotel, Newcastle upon Tyne, 12.00
Temple Bar Inv Tst, The Waterman's Hall, 18, St. Mary-at-Hill, E.C., 11.00
French Property Tst, The Royal Yacht Club, 60, Knightsbridge, S.W., 12.00
BOARD MEETINGS
Finals:
Aran Energy
Bowthorpe
Broke Bros
Fitzwilton
Forth Ports
Gaskell
Hamperson
Heathcall
Inchcape
Intermediate Capital
Monument Oil & Gas
NB Smaller Co's
Nestor-BNA
Page(Michael) Grp
Pearson
Royal Doulton
Russell (Alexander)
Sharpe & Fisher
T & S Stores
Taylor Nelson AGB
Tele-Cine Cell Grp
Ulster Television
United Energy
Interims:
Graystone
Tay Homes

■ TOMORROW
COMPANY MEETINGS:
General Consolidated Inv Tst, 49, Hay's Mews, W., 2.45
Shani Grp, Marriot Hotel, 10, Grosvenor Square, W., 12.00
Soundtracs, Unit 21-D, Blenheim Road, Longmead Ind Estate, Surrey, 12.00
BOARD MEETINGS:
Finals:
Arcolectric
Astec (BSR)
Badgerline Grp
Black (A & C)
Brixton Estate
Broadcastle
BBC Grp
Erith
Goal Petroleum
Golden Vale
Grosvenor Dev Cap
Hemingway Properties
Hobson
Hodder Headline
Iceland
Intl Business Comms
Jermyn Inv Co
Lamont Hldgs
Lopex
Macfarlane Grp
Metsec
P & O
Rotork
Servomex
Taylor Woodrow
Thompson Clive Inv
Waco Grp
Interims:
Bridport-Gundry
Burn Stewart Dist
Intereuropa Tech Serv
Lloyd Thompson Grp
Manchester United
Scottish Metropolitan
UDO Hldgs

■ WEDNESDAY MARCH 29
COMPANY MEETINGS:
Burlington Grp, Honourable Artillery Co. Armoury House, City Road, E.C., 11.30
Dencick Hunter, Mint House, 77, Mansell Street, E., 10.00
Fairway Grp, New Broad Street House, 35, New Broad Street, E.C. 10.30
Heavitree Breweries, Trood Lane, Matford, Exeter, 11.30
Jupiter Intl Inv Tst, Knightsbridge House, Knightsbridge, S.W., 10.30
London Finance & Inv Grp, Honourable Artillery House, City Road, E.C., 12.00
Securicor Grp, Richmond Hill Hotel, Richmond, Surrey, 12.15
Security Services, Richmond Hill Hotel, Richmond, Surrey, 12.30
Sleepy Kids, Grimsdyke Hotel, Harrow-Weald, Middlesex, 9.30
Updown Inv, 12, Tokenhouse Yard, E.C., 4.00
BOARD MEETINGS
Finals:
Blue Circle
Bourne End Properties
Caird Grp
Capital Ind
Chime Comms
Coats Viyella
Croda Intl
EFT Grp
FBD Hldgs
Frost Grp
Grampian Hldgs
Harrisons & Crosfield
Hay (Norman)
Johnston Grp
Johnston Press
Meggitt
Next
Ocean Grp
Portmeirion Potteries
Princedale
RJB Mining
Senior Engineering Grp
Interims:
Adwest
London & St. Lawrence Inv
Prestac
Prestwick
Thorpe (FW)

■ THURSDAY MARCH 30
COMPANY MEETINGS:
Baring Tribune Inv Tst, 155 Bishopsgate, E.C., 2.30
Corporate Services Grp, Berkeley Conference Centre, 11, Berkeley Street, W., 9.30
Fleming Claverhouse, The Majestic Hotel, Ripon Road, Harrogate, North Yorkshire, 12.00
Kleinwort Charter Inv Tst, 10, Fenchurch Street, E.C. 12.30
Rights & Issues Inv Tst, 56, Wilson Street, E.C., 12.00
Yeoman Inv Tst, Bride House, 20, Bride Lane, E.C., 10.30
BOARD MEETINGS
Finals:
Amec
Asda Property
Ayrshire Metal Products
Booker
British Fittings
Dragon Oil
Invesco
Martin Currie Pacific
Mayflower
Murray Ventures
Norcor Hldgs
Proudfoot
QS Hldgs
Redland
Rutland Tst
Seaperfect
Silvermines
TLS Range
Tibbett & Britten
UK Safety
Interims:
Estates & Agency
Frogmore Estates
Int Biotechnology

■ FRIDAY MARCH 31
COMPANY MEETINGS:
Alexander Hldgs, 7-10, Old Park Lane, London, 11.15
Borford Hldgs, 20, Thayer Street, W., 10.00
Hill & Smith Hldgs, The Copthorne Hotel, The Waterfront, Level Street, Brierley Hill, D.Y., 12.00
Shandwick, Brianne Hotel, Grosvenor Square, W., 12.00
Tepnel Life Sciences, Toft Hall, Knutsford, Cheshire, 10.00
Throgmorton Tst, 155, Bishopsgate, E.C., 12.00
Yorkshire Chemicals, Kirkstall Road, Leeds, 12.00
BOARD MEETINGS
Finals:
African Lakes
Ash & Lacy
Atlas Converting
Bardon
Breedon
Calor Grp
Clarkson (Horace)
GBE Int
Johnson Fry
Keller Grp
Macallan-Glenlivet
Ruberoid
Schroder Split Fund
Speciality Shops
Waterford Foods
Interims:
Intl Inv Tst Co Jersey
Narborough Plantations

Company meetings are annual general meetings unless otherwise stated.

Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

CONFERENCES & EXHIBITIONS

MARCH 28-29
Furnaces 95
The event for the latest plant, equipment, materials, consumables, ancillary products and services associated with furnaces, refractories, heat treatment and fuel economy. For free exhibition admission tickets contact Gabriele Mendis, FMJ International Publications Ltd.
Tel: (01737) 768611 Ext 3375
Fax: (01737) 761685
STONELEIGH, COVENTRY

MARCH 29
UK Coal - A Fresh Start
A one day seminar, discussing major changes in the post-privatisation UK coal industry, including the implications for private miners, the size of the market, transport and competition.
To take part, contact: Carol Smith, McCloskey Coal Information Service, POBox 15, Petersfield, Hants GU32 3RG. Tel: 01730 265095. Fax: 01730 260044.
LONDON

MARCH 30
Banks, The City and Politics
The banks and: the economy; industry; the press; the government. The Chartered Institute of Bankers' first annual conference is sponsored by AT&T and will be chaired by Sue McGregor. Speakers include Eddie George, Tom Farmer and Christopher Fildes.
Contact: Gillian Wright, CIB
Tel: 0227 762600 Fax: 0227 763788
LONDON

APRIL 3
Accounting Update
The course covers the most significant changes in accounting standards and related matters over the last year. Will examine the impact, rationale and implications of each area including FRS 4 -7, Goodwill, Deferred tax, Related party transactions. £275 + VAT.
Contact: BPP Bank Training - Pam Powell
Tel: 0171 628 8444 Fax: 0171 628 7818.
LONDON

APRIL 4 - 9
The British International Antiques Fair
A major event in the world of antiques. Established in 1982 the British International Antiques fair ranks among the worlds most important antiques events. 150 dealers display and estimated £25 million worth of antiques and fine art of the highest quality. All items for sale and fully authenticated. To be opened by the Viscountess Cobham at 12 noon on Tuesday 4th April.
Enquiries: Linda Colban - Centre Exhibitions. Tel: 0121 767 2760.
BIRMINGHAM

APRIL 5
Duties and Liabilities of Professional Trustees
An intensive one-day conference that looks at the independence, powers and responsibilities of the trustee, highlights the different uses to which trusts are put, including purpose and commercial trusts, and analyses the relationships between settlor, trustee, beneficiary and protector, and the court.
Contact: European Study Conferences
Tel: +44 (0)171 386 9322
LONDON

APRIL 5
Making the most of your time
How to manage time effectively and prioritise your workload.
• Analysing your Responsibilities and Setting Objectives, Action Planning Time Management Techniques. • Effective use of the Telephone and Technology: Paper - Move Don't Shuffle it. • Running Teams, Delegation. Controlling Meetings. Dealing with Interruptions, Managing Yourself and Others. £245 1 DAY.
Contact: Fairplace
Tel: 0171 329 0595 Fax: 0171 329 3853
LONDON

APRIL 6
Duties and Liabilities of Directors of Offshore Companies
A one-day conference that uses case studies to provide practical advice to directors of offshore companies and their advisers, and analyses the issues that arise in various offshore jurisdictions, including corporate insolvency, tax and fraud.
Contact: European Study Conferences
Tel: +44 (0)171 386 9322
LONDON

APRIL 6-7
Financial Derivatives - Pricing and Hedging
Short, intensive, accessible course that will increase the efficiency of your trading in derivatives markets, by Wilmott, Dewynne and Howison, authors of highly acclaimed, "Option Pricing: Mathematical Models and Computation". Mathematical Foundations of Finance, Interest Rate Derivatives, Equity, Currency and Commodity Derivatives and Numerical Methods.
Contact: University of Oxford
Tel: 01865 270285 Fax: 01865 270284
LONDON

APRIL 6-7
Foreign Exchange Techniques
Practical training for: FX dealers exploring the potential of currency derivatives for trading and risk management: Traders who need to understand the impact of FX risk on other products: Corporate dealers using FX products to meet complex customer requirements. Course covers options, futures, swaps, trading book management and the interrelationship between products. £625 + VAT.
Contact: BPP Bank Training - Jonathan Rogers
Tel: 0171 628 8444 Fax: 0171 628 7818
LONDON

APRIL 7
Current Legal Issues For Bankers
The course that keeps you aware of the latest key developments and practices in legal issues relating to banking whatever they may be:
• Banker/Client Relationship, Regulations, Money Laundering, Capital Adequacy
• Loan and Security Documentation, Covenants, Guarantees, Valuations
• Insolvency, Security Realisation, Financial Reporting.
£245 1 DAYS
Contact: Fairplace
Tel: 0171 329 0595 Fax: 0171 329 3853
LONDON

APRIL 10-12
Auditing the Dealing room (Understanding the Treasury function)
Training designed specifically for internal auditors and bank inspectors charged with examining the on-going activities and control procedures in their Treasury dealing operation - traditional cash markets and derivative products. Course repeated in September. £690 + V.A.T.
Lywood David International Ltd.
Tel: 01959 565820
Fax: 01959 565821
LONDON

APRIL 12 & 13
The Russian Securities Market
Highly successful event recently held in Moscow examining the implications of new legislation and potential for foreign investment. Held in association with White & Case with key speakers from the major Russian Ministries and key private sector players. Contact Guyonne James (UK) (quote ref FT).
INTERFORUM Services Ltd
Tel: 44 (0) 171 386 9322
Fax: 44 (0) 171 381 8914
LONDON

APRIL 13
Money Laundering - The Law, Responsibilities and Procedures
The Criminal Justice Act has placed new duties and responsibilities on individuals, banks and other financial institutions. This one-day course will address Definition, Identification, Regulation, Responsibilities and the Role of Supervisory Bodies with Practical Examples.
£225 1 Day.
Contact: Fairplace
Tel: 0171 329 0595 Fax: 0171 329 3853
LONDON

APRIL 18 - 19
Understanding Company Reports and Accounts
An in-depth review of the interpretation and evaluation of Limited Company Accounts. This course covers Assets, Liabilities, Provisions and Contingencies. Share and Loan Capital, Reserves, Mergers and Acquisitions, Turnover, Profits, Taxation, Dividends and Earnings per share. £395 2 Days.
Contact: Fairplace
Tel: 0171 329 0595 Fax: 0171 329 3853
LONDON

APRIL 19-21
Understanding Capital Markets
• Background/Development of the Market, Disintermediation, Securitisation, Main Participants, Regulatory Framework. • Fixed/Floating Eurobonds, Government Bonds, Ratings, Bond Yields, Risk/Reward Relationship. • Effect of Currency/Interest Rate Risk on Capital Market Instruments. • Equity Finance and Hybrids, Listings, Role of Stock Exchanges, Primary and Secondary Markets. £725 3 Days.
Contact: Fairplace
Tel: 0171 329 0595 Fax: 0171 329 3853
LONDON

APRIL 21
EC Funding For East-West Joint Ventures
Institute of European Trade and Technology in cooperation with the European Commission is holding a seminar on JOPP - the EC Joint Ventures Programme for Eastern Europe (funding of feasibility studies and JV's in all sectors). For details ring: IETT.
Tel: 0171 628 9770 fax: 0171 628 7692
LONDON

APRIL 25
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Designed for sales and marketing professionals, the conference includes live demonstration of The Internet and exploration of publishing, sales and marketing sites on The World-Wide Webb. Speakers from agencies, clients and service providers already doing business on the Net.
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Fax: +44-181-943 9997
eMail: adnetid.hammconf.demon.co.uk
LONDON

APRIL 24 & 25
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The sixth conference in a highly successful series will examine the cost challenge of meeting EC quality yardsticks and the increasing need to put figures on environmental costs.
Enquiries: Financial Times
Tel: 0181-673 9000 Fax: 0181-673 1335
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Agent Software
The first commercial UK event to look at agent software technology. Agents can keep track of stock levels for inventory control, or share prices, to provide opportunity advice; seek out information for the user or sort incoming mail. This is becoming a potentially invaluable service given the increasing amount of information available with the growth of the Internet. Users, suppliers and developers explain their experiences and vision of how this technology will work for you. Contact Unicom Seminars, 0895 256 484, fax 0895 813 095
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An interactive course exploring the roles and skills demanded of managers in today's complex and competitive environment.
• The Challenge of Management Team Leadership. Personal Styles and Assertiveness. • Accountability and Responsibility, Delegation and Work Allocation, Prioritising, Making Decisions; • Managing Change, Staff Motivation, Stress and the Pressures of Leadership.
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Leading seminar series on Business Process Re-engineering. Enhanced 1995 programme includes new sections on self-managed teams and radical reengineering for growth. Coaching style of presentation. Based on 150 successful BPR projects. 60 organisations in the private and public sector attended in 1994.
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Tel: Richard Parris 01455 250 266
Tel: Mike Abbot 0734 464 746
Fax: 01455 890821
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Fax: +44 0171-490 0566
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APRIL 26-27
Re-engineering Customer Relationships:
How to redesign core processes and transform corporate culture to achieve service excellence. As products become easier to imitate and markets increasingly crowded, companies are realising that high levels of customer service and satisfaction are now key to achieving competitive advantage and sustaining profitability.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9020
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APRIL 26-27 & OCT 16-17
Derivatives Risk Management Seminar
Executives in the financial industry involved in planning, organising and directing financial instruments in banking and treasury departments.
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• Developing the technology to support derivatives.
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• The Instruments Available to Manage Risk • Familiarisation with Corporate Hedging Techniques • Transaction, Translation and Strategic Exposure: • Application of Financial Instruments to Contingent Risk • Using Information Contained in Annual Reports to Target Areas of Risk and Opportunity.£395 2 DAYS
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MAY 2
India As A Business Partner Conference
This conference, sponsored by Bank of Baroda, Oxford International and supported by the Indo-British Partnership, examines the impact of the reform programme and the prospects for international business. Speakers include Richard Needham, Swraj Paul, S S Tarapore, N Vaghul, K Kannan.
Details: Cityforum Ltd
Tel 01225 466744 Fax 01225 442903
LONDON

MAY 3
How to transform your company - effective business process re-engineering
What is business process re-engineering. An introduction to the key steps: process redesign; process implementation; change management; the role of IT. Case study speakers from Filofax, Lucas Industries, Bass Taverns and National & Provincial Building Society.
Contact: Institute of Directors
Tel: 0171 730 0022
LONDON

MAY 15 - 19
Company Credit Analysis
All staff who have some accountancy knowledge, involved in debt financing in the mid-corporate sector. Upon completion delegates will be able to identify and mitigate risks involved in reaching a balanced decision to debt financing propositions & structure the facility appropriately.
Contact FUTURES Quality Financial Training, part of AT&T. Tel. 0121 742 9099. Fax. 0121 742 9964.
LONDON

MAY 16
Management Buy-outs
This comprehensive one-day programme will provide an in-depth examination of MBOs and will give enterprising directors who wish to own their own company an awareness of the issues involved. The emphasis is on practical advice with case studies from directors who have led successful management buy-outs.
Contact: Institute of Directors
Tel: 0171 730 0022
LONDON

MAY 16 - 17
Creating the Learning Organisation:
The essential route to continuous improvement, flexibility and corporate renewal. Conference provides a practical guide to developing the programmes, skills and working practices required to embed organisational learning in the business. Keynote presentation David Garvin, Professor of Business Administration, Harvard Business School.
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LONDON

MAY 17-18
Testing Client/Server Systems
A 1994 IDC report estimated "less than 30% of a [typical] Client/Server system is tested today". No wonder Client/Server is not living up to expectations! This seminar shares practical experiences, techniques, innovative approaches and benefits and limitations of tool support.
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Tel: 0895 256 484 Fax: 0895 813095
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MAY 18
Technology Transfer CPD Accredited
The object of this one-day seminar is to provide a comprehensive and up-to-date practical review of developments in the law presented by practitioners specialising in the relevant fields.
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LONDON

MAY 22 - 26
Introduction to Lending
Personnel with little/ no credit experience, who will lend to individuals/small businesses; or require a grounding in basic lending skills for lending to larger corporates. Provides students with skills to identify/analyse risks attached to specific lending propositions, translate analysis into balanced decisions & prepare balanced credit reports.
Contact FUTURES Quality Financial Training, part of AT&T,
Tel: 0121 742 9099 Fax: 0121 742 9964.
LONDON

MAY 24-25
Succeeding with Teams
How to overcome the cultural and organisational barriers to effective teamworking. Process-based teams provide companies with flexibility, speed and productivity, but they will not succeed unless the cultural, communication and implementation issues surrounding teamworking are properly addressed.
Contact: Business Intelligence.
Tel: 0181-543 6565 Fax: 0181-544 9020
LONDON

JUNE 1
Technology & The Lending Banker
Aimed at executives and senior management in the financial sector who are involved in a change programme in credit risk management; and managers wishing to understand the latest developments in computer-based lending programmes.
Contact FUTURES Quality Financial Training, part of AT&T, Tel.0121 742 9099, Fax. 0121 742 9964.
LONDON

JUNE 5
Helping Your Bank to Help You
Suitable for executives and staff involved with and/or responsible for maintaining bank accounts &/or seeking debt financing, we will show you how to select a bank that best suits the needs of their firm, how to negotiate charges & services and how to make credit applications & develop sound banking relationships.
Contact FUTURES Quality Financial Training, part of AT&T
Tel: 0121 742 9099 Fax: 0121 742 9964
LONDON

JUNE 6-8
An Introduction to the Financial Sector
Targeted at personnel, including new entrants, who need to gain an understanding of how the financial sector, banks in particular, operate; the products and services offered, and how the sector is likely to change in the future
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LONDON

JUNE 7 - 8
EIS 95 - Client Server Reporting for the Enterprise
Europe's leading conference and exhibition covering the full spectrum of managerial applications and enterprise reporting technologies: EIS, OLAP, Data Warehousing, Data Access and Query tools, and much more. An international conference including Paul Strassmann, David Norton plus an exclusive exhibition of over 30 leading suppliers.
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Tel: 0181-543 6565 Fax: 0181-544 9020
LONDON

JUNE 7-8
Programme Management and Installing Programme and Project Support Offices
Aiming to achieve the maximum benefit from their investment programmes, organisations are undertaking Programme Management. This seminar explores the theory, procedures and processes of Programme Management and how to design, implement and support a Project Support Office successfully.
Contact: Unicom Seminars
Tel: 0895 256484 Fax: 0895 813095
LONDON

JUNE 12-13
Introduction to Banking Systems
Executives and managers who require a non technical insight into the use and benefits of computer technology within banks. Upon completion, delegates will know: how computer technology is being used, the benefits of using technology in areas such as marketing, managing costs, controlling risks and improving complex decision making processes.
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Tel: 0121 742 9099 Fax: 0121 742 9964
LONDON

JUNE 14-16
Customer Profitability
Suitable for executives and managers in the financial sector who are involved with or intend to implement customer profitability systems. Provides delegates with an understanding of how customer profitability systems can add to profits and competitive advantage, prepare & interpret customer profitability statements & be aware of implementation difficulties and practical solutions which will achieve a working profitability analysis.
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Tel: 0121 742 9099 Fax: 0121 742 9964
LONDON

INTERNATIONAL

MARCH 29 & 30
Central & Eastern European Power Industry Forum
The latest and future developments in the electricity generating industry in Central and Eastern Europe. A Forum on ownership issues, creative project financing, competition and cooperation opportunities. High level.
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Tel: 31-30-650963 Fax: 31-30-650915
WARSAW, POLAND

APRIL 25 & 26
Real Estate and Land in Moscow and the Moscow Region
Major investors and realtors predict a boom in Real Estate prices this year, with no decrease likely until 1997.
Leading figures from the Moscow Property Fund, Moscow Land and Property Management Committees, Russian Society of Valuers and the Guild of Realtors examine the key issues for foreign and local investors.
Contact: INTERFORUM Services Ltd.
Tel: 17 095) 921 6705 or +44 0171 386 9322. Fax: 17 095) 921 1100 or +44 0171 381 8914
MOSCOW

MAY 2 & 3
South Africa - A New Era for Business, Finance and Investment
Issues to be addressed at this high-level forum will be the reconstruction and development programme, the role of privatisation in funding the RDP, portfolio investment opportunities, creating the right framework for economic growth, and implementing affirmative action and black empowerment.
Enquiries: Financial Times
Tel: 0181-673 9000 Fax: 0181-673 1335
CAPE TOWN

MAY 2-5
NETWORKASIA95
Asia's Exhibition and Conference for the International Networking Industry showcasing the latest in software equipment and services. Call for full conference programme and exhibitor list.
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Tel: +44 (0)71 486 1951
Fax: +44 (0)71 413 8211/486 8773
SINGAPORE

MAY 4
Trusts - Conference One: International Issues & Problems
MAY 5
Conference Two: Types & Alternatives
These two one-day events will be covered by a prestigious panel of speakers.
Contact: International Professional Conferences Ltd
Tel: 0161 445 8623
LUXEMBOURG

MAY 13-21
European Electronics Mission to Beijing, China
European electronics manufacturers and component suppliers are invited to join a mission to Beijing, China.
Objectives: to promote and facilitate partnerships, alliances and business opportunities between European and Chinese electronics companies. Supported by the European Commission and the Ministry of Electronics Industry, Beijing.
Contact: Ms Sinéad Gillen, ICEL Tel: +32 2 238 78 13 Fax: +32 2 238 77 16
CHINA

MAY 15 & 16
The 8th East-West Tax Conference
Update on tax developments in Central and East European countries and in-depth presentations on tax opportunities and risks for companies doing business in Poland, compared with Russia, Hungary and the Czech Republic.
Contact: Ms Anselleo School, IBFD International Tax Academy
Tel: +31 20 626 7726 Fax: +31 20 620 9397
WARSAW

MAY 16
Euro SMEs 95
European Union finance for Small and Medium Sized Enterprises: including vocational training, employment, R & D, telecomms, IT, networking, subcontracting, regional development etc. Top speakers from EC and financial institutions.
Contact: Société Générale de Développement SA
Tel: +322 512 46 36 Fax: +322 512 4653
BRUSSELS

MAY 16 & 17
International Development Funding Forum 1995
Speakers from the World Bank, African Development Bank, Inter-American Development Bank, International Finance Corporation, The European Commission, The European Bank for Reconstruction and Development, The United Nations, The European Federation of Consultancy Associations and others.
Contact: European Seminars Copenhagen +4533152903 Fax: +4533910346
AMSTERDAM

MAY 22
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GUERNSEY

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A major International Conference for senior executives of international companies who wish to gain first-hand information in order to make wise investment choices when entering or expanding in the South African Market. For further information please contact:
Sarah Williams at IBC. Tel: 44 (0) 171 637 4383. Fax: 44(0)171 631 3214.
JOHANNESBURG

SEPTEMBER 1995
Insurance
An important two day conference. The Risk Business or the Risky Business? Is it in jeopardy from fraudsters or money launderers?
Contact International Professional Conferences Ltd on 0161 445 8623
BERMUDA

OCTOBER 10-12
World Aid/Euro Aid 95 Conference & Networking Exhibition
Business opportunities in worldwide aid programmes for EU consultants, contractors, suppliers, governments, financial institutions etc. Networking meeting place. Includes WORLD AID GUIDE.
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Tel: +322 512 4636 Fax: +322 512 4653
BRUSSELS

THIS WEEK

Explosion of racism in Italy

DATELINE

Rome: Violence has hit a country that has always been tolerant towards foreigners, writes **Robert Graham**

A 13-year-old girl is lying in a Pisa hospital recovering from the effects of a doll that exploded in her hands.

She has lost her right arm and three fingers from her left hand. Her body is peppered with metal fragments. Her three-year-old brother, who was standing beside her, has lost the sight of one eye.

These two are the hapless victims of a phenomenon that has begun to move from the inside to the front pages of the Italian press – racism. Their case is especially horrific and has even prompted one of the Berlusconi television channels to organise a national donation.

The brother and sister come from a family of seven, immigrant gypsies. No one is sure whether they originate from Romania or former Yugoslavia. Their tragedy, as reconstructed from confused accounts, is roughly as follows. They were begging by traffic lights on one of the main entry roads to Pisa from Florence. A car stopped and the driver handed the girl a package containing a toy doll, which exploded on being handled.

The Pisa authorities had no doubt that the perpetrators were intent on maiming – at a minimum. Police have subsequently rounded up three people, including one in the military, charging them with possession of explosives. The explosives they possessed matched those in the lethal doll. A quantity of neo-nazi literature belonging to them has been seized.

Initially all this was reported as an isolated barbaric event. But it then transpired that in February another such bomb had been directed against young "rom" (as the gypsies are colloqulally labelled). That time it was concealed inside a book.

The Pisa incident is not isolated. It has just touched the public conscience. The gypsy community is an easy and self-inviting target in many Italian cities. Bands of four or five, all minors, are sent out to beg and indulge in petty theft by their parents – or ruthless guardians who have bought the rights to their services.

Since they are minors and lack documents the police are reluctant to arrest them. Detention of a minor requires the consent of a parent, who often cannot be found. Couple this with the cumbrous bureaucratic process of prosecution, and most police let them go with a warning. This in turn antagonises the public, victim of petty theft, and encourages direct physical retribution.

Italy has always been exceptionally tolerant towards foreigners. Until confronted by a mass illegal influx of Albanians in 1991 the issue was largely ignored. Indeed, having been a country of net emigration until the early 1970s, Italians always reacted benevolently to the increasingly large numbers of immigrants, legal and illegal.

However, the enforced return of more than 25,000 Albanians in 1991, coupled with the threat of an exodus from Yugoslavia, then being torn apart by civil strife, and increased instability in North Africa, made people realise that Italy faced a serious potential problem with immigration.

This in turn led to a reassessment of just how much immigrant labour was already inside the country, helping to sustain important specific sectors of the economy. The boom years of the 1980s had brought in a mass of people, all of whom tended to do jobs by nationality: the North Africans (mostly Moroccan) in agriculture; the Filipinos and Sri Lankans in domestic service; the East Europeans in semi-skilled odd-jobs.

By the end of 1994, the ministry of interior had 781,000 persons from non-EU countries registered for work permits, just over 1 per cent of the population. However, estimates of the illegal entrants vary from 400,000 to 800,000, probably the largest proportion of illicit labour in Europe.

The 1993-94 recession led to a 8 per cent decline in the issue of work permits and the impression now is that the flow of illegal immigrants has slowed, if not declined. The slow-down in the number of illegal immigrants also reflects tougher controls at the frontiers.

But with tongher controls, organised crime has been encouraged to take over, turning immigration into big business. The involvement of the mafia is linking immigrants more to the world of crime – drugs, arms trafficking and prostitution.

The quick change of governments over the past three years has not helped the formation of coherent policy or long-term strategy. But faced with a rise in incidents of racism, of which the attack on the Pisa children is just one, the authorities will soon be obliged to act.

A decision must be made on whether to legalise the large numbers of illegals. And the political parties must agree on measures to integrate these illegal immigrants into society and ensure they are not objects of hate and abuse.

In tandem, procedures for expulsion need to be tightened. In 1993 only 5,551 expulsion orders were carried out, although 49,000 were issued. At present it is all too easy to evade deportation. Recently a group of Nigerian prostitutes had the enterprising idea of stripping naked at Fiumicino airport to cause a stir and miss their flight. They did – and because it meant detaining them for nearly another week, they were released.

PEOPLE

Software strides onwards at Sony

Michiyo Nakamoto considers the choice of **Nobuyuki Idei** *as president of the Japanese electronics giant*

Nobuyuki Idei, the man who takes over as president of Sony next month, has nerves of steel, one of the characteristics which led Norio Ohga, his predecessor, to single out Idei from the candidates to take over one of Japan's most important companies.

For some Sony-watchers, Idei's appointment to the top job came out of the blue. For one thing, he was hoisted above two levels of management and at least 10 other candidates whose chances were thought to have been greater.

But Idei, who at 57 exudes youthfulness, has an air of confidence that is rare in a country where modesty is regarded as a virtue.

His self-assurance has served him well in the past at Sony. He moved rapidly from the audio business – where he launched a number of hi-fi hit products – to the company's computer and laser disc operations, before heading Sony's product design strategy.

Idei was responsible, together with Ohga, for backing the laser disc format jointly developed between Sony and Pioneer in the face of opposition from 13 other consumer electronics companies. Idei's commitment to the Sony-Pioneer version now widely used in Japan, has paid off; the rival VHD version, developed by other companies, has disappeared from the market.

That experience helped him in a more recent trial Sony has faced over video discs. Sony has appeared to be out on a limb in the battle over the next generation of video discs, isolated from most other Japanese electronics companies, which are backing a rival format.

Despite widespread publicity suggesting it is losing the fight, Idei, as Sony's managing director, has reiterated the company's commitment to establish its own standard as the industry norm.

Idei seems to recognise the challenges he faces. A while ago he said: "It is a time for strategy. The company's future depends on whether it can build a good strategy."

Sony has traditionally placed great emphasis on technological excellence; it was always assumed that Ohga's successor would have a technological background. Idei studied politics and economics at one of Tokyo's prestigious private universities.

He is a keen user of audio and video products and is reputed to be able to talk the same technical language as Sony's engineers. Although he does not have any technological training, Idei has spent years at Sony in charge of key product areas.

That background gives him the ability to consider issues from a broad perspective. As Sony has developed from a small entrepreneurial company to a large corporation with annual sales of nearly Y4,000bn, arguably what is required of the top man is not detailed knowledge of each operation, nor even ideas for hit products, but skill at analysing the conglomerate's overall business structure.

This is particularly so since Sony last April introduced a looser corporate structure, comprising eight separate companies (based on product categories), with their own presidents who each are given considerable authority.

With its 50th anniversary next year, Sony is no longer the kind of small, entrepreneurial company to be run by a single charismatic leader, such as Akio Morita, its founder, or even Ohga, whose forceful personality has set the tone at the company for the past 13 years.

It is now a global, somewhat bureaucratic, giant with businesses ranging from compact discs and cellular phones to movies and cable TV.

What is needed, particularly as many of those products begin to converge, is someone who understands not just the hardware side of the business but also the software operations, and who can set an overall direction for the company.

A keen advocate of Sony's need to expand its software operations, Idei – who once said that Sony's grand design was to place music and pictures firmly at the company's foundations – has an additional advantage in the increasingly global marketplace; Sony today gets about 70 per cent of its revenue from outside Japan. He has a gift for languages. A fluent speaker of both English and French, Idei (who loves wine and French films) seems as comfortable with non-Japanese speakers as he is with Japanese colleagues.

But equally important, perhaps, is another modern-day business asset that Sony suggests Idei possesses. "He's straight with people," says a Sony official. "Unlike most Japanese he is clear about whether he is saying yes or no."

Idei takes on the job of president at a critical turning point in the company's history. As Sony adopts a very different management style from that practiced by its founders, perhaps the biggest test he faces is retaining the spirit of the company that has made Sony the world's most readily recognised Japanese brand name.

NAMES IN THE NEWS

Singapore's youthful Lien takes life easier at OUB

Lien Ying Chow, founder and largest shareholder of Singapore's Overseas Union Bank (OUB), one of the island repohlic's four big financial institutions, is a firm believer in the Chinese idea that eight is a lucky number, writes Kieran Cooke.

When OUB opened its new headquarters in Raffles Place in the centre of Singapore's financial district the date was carefully chosen – August 8, 1988. Now Lien has announced his retirement – at the age of 88.

Lien, still sprightly, is a classic southeast Asian Chinese entrepreneur. Born in southern China, he arrived – orphaned – in Singapore in 1920, where he first worked as a shop assistant, and then established his own company supplying food and drinks to British forces in Singapore and what was then Malaya. When Singapore fell to the Japanese he went back to China, but returned to the island republic soon after the war. In 1947, with an initial outlay of S$2m, he started OUB.

On the day Lien announced his retirement, OUB released its 1994 results. Net earnings were up 33 per cent to S$218m. Shareholders' funds reached S$2.3bn.

Though Lien has written a book about his experiences, he follows Chinese tradition by giving away very few business secrets. Friends say he enjoys life outside the board room: married four times, he was once known as a talented, flamboyant ballroom dancer, frequently in the company of beautiful women. Lien says his hobby is buildings. He has considerable property holdings, including the Mandarin hotels in Singapore.

Lien intends holding onto his 20 per cent shareholding in OUB, and spends afternoons looking at his hotel operations. Stewardship of OUB has passed to Lee Hee Seng, bank deputy chairman and – at just 67 – a mere youth.

Metro likes the Urban style

April Fool's Day may not be the best time to start a high-powered new job, but Wolfgang Urban's employer is doing its best to make sure he starts in good spirits, writes Andrew Fisher.

Urban, 49, has been named the new chairman of Kaufhof, Germany's second largest retailer. He succeeds Jens Odewald, 54, who seems to have fallen out with Erwin Conradi, head of the privately-owned, secretive Metro cash-and-carry company, which controls Kaufhof from Switzerland.

Kaufhof describes Urban as "an entrepreneurial thinking manager who acts single-mindedly and has profound specialised knowledge," which praise prompted a wry comment from one international retail analyst: "Where's he been all this time?"

In fact, Urban has been at Kaufhof for 22 years. On the board since 1987, last year he moved up from finance director to deputy chairman. Colleagues describe him as energetic and approachable, and say he has a management style less abrasive than Odewald's. His relatively low profile, combined with experience in the department store sector, has clearly endeared him to Conradi.

ITC's Chugh gets rough with BAT

In his bitter row with BAT Industries, Krishan Lal Chugh, shrewd chairman of ITC, the Indian tobacco-to-financial services group, whom BAT is seeking to oust, likes to gird himself in the flag of Indian nationalism, writes Mark Nicholson.

BAT is intent, Chugh claims, on sinking the Calcutta-based company's ambition to create a diversified Indian multinational group. Through what he calls "all dubious means," he says BAT is seeking to split the board, curb ITC's diversification, turn it into a "cash cow" and "fleece the shareholders".

To his backers, at 56 Chugh is a tough champion of an Indian company's legitimate right to conquer world markets from resources it has largely built up under Indian management since the mid 1970s, when BAT ceded its majority shareholding in the group. According to insiders, ITC's board is indeed split – among the 10 executive directors, right down the middle; his opponents say it is Chugh's own managment style that has caused the division.

When Chugh took over as ITC chairman in 1991 he was seen as a stero and successful manager, but essentially an engineer technocrat, having worked up through the ranks of ITC's paperboard businesses.

He became managing director of Bhadrachalam Paperboards in 1978 and an ITC director in 1989. He is now a director on the board of the Reserve Bank of India – the central bank – and holds a host of honorary government positions.

FT GUIDE TO GLOBAL WARMING

What is all the fuss about global warming?
Many scientists believe the world's climate has been changing for some time. They have focused on a creeping rise in temperatures. That could have devastating consequences for climate and sea levels. Recent breaks in the polar ice cap have added dramatic, if circumstantial, evidence that something is afoot. Environmentalists say the slightest indication that climate is changing warrants action.

Do scientists really think the earth is getting warmer?
Unfortunately, the main consensus is that climate change is extremely complicated and that there are no easy answers. Matters are further confused because the earth's temperature has changed through natural causes in the past. However, an increasing body of research has concluded that temperatures are rising and that human development has played a part. The Intergovernmental Panel on Climate Change (an expert committee) believes temperatures will rise between 1.5 and 4.5 degrees centigrade over the next century.

So what if the planet is getting warmer. Won't that just improve my sun tan?
Perhaps. But global warming has much wider implications than just a little more sunshine in the northern latitudes. Higher sea levels could submerge some low-lying atoll states such as the Maldives. Rising waters would also cause flooding, which could devastate places such as Venice, the Nile Delta or much of Bangladesh. Higher seas would also accelerate land erosion, poison some fresh water sources and harm agriculture. Higher temperatures could also alter wind and rainfall patterns. That could exacerbate droughts and heat waves. A transformation in crop patterns, with some now-marginal southern farmland turning into desert and cooler northern regions becoming more fertile, could make rich nations richer and the poor poorer.

So what should be done?
At the 1992 Rio earth summit, participants recognised they should monitor the "greenhouse gases" believed to cause global warming and report regularly on reducing them. The focus was on carbon dioxide (CO2), the most common of the culprits although methane and nitrous oxide are also problems. Some industrial countries also agreed to try to cut CO2 emissions to 1990 levels by 2000.

Is that why there's a conference in Berlin this week?
Yes. The Berlin conference, which starts tomorrow and lasts until April 7, is the first follow-up to Rio. Many observers expect it to be succeeded by another top-level meeting in Tokyo in 1997.

Who is taking part?
The Berlin meeting will include delegates from the 120-odd signatories to the UN Framework Convention on Climate Change, discussed in Rio, plus observers from elsewhere. Add to that a phalanx of environmental and other lobbyists and an army of journalists, and that is why Berlin's hoteliers are smiling.

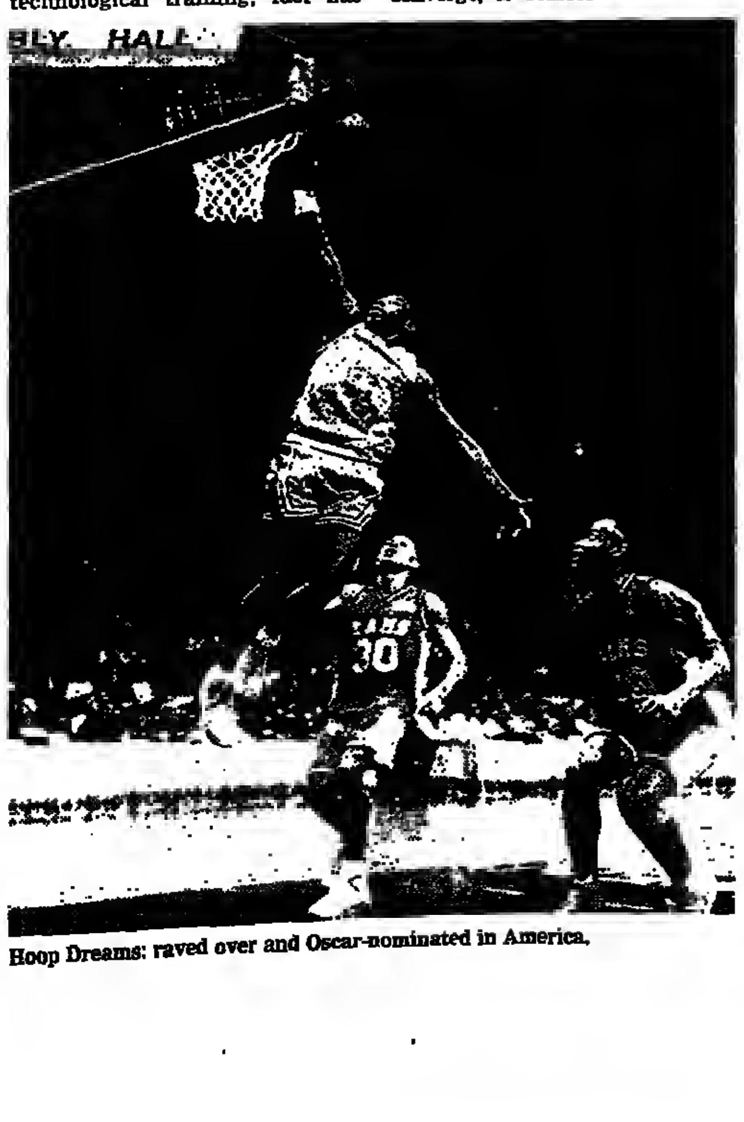
But aren't there risks in turning too green?
Undoubtedly. Some extremists would like us to return to an idyllic non-industrial past, which probably never existed. Realistically, no one expects the developed world to close its factories and power stations. Likewise, developing countries would like sufficient "headroom" to increase their CO2 emissions to catch up with their richer neighbours. Even most greens admit that costs must be weighed against benefits.

Will anything be achieved in Berlin?
Not much. The main issue is likely to be targets after 2000. But climate change is complicated and exceedingly divisive. Not all governments are convinced they need to act. Opec is most hostile: it opposes anything that might cut oil demand, At the other end of the scale, the Association of Small Island States includes many nations which fear they might be vanish under rising seas. They want a 20 per cent cut in CO2 emissions by 2005. Developing countries, which made no CO2 reduction commitment in Rio, are split. Many are wary of a deal which might limit their economic development: some even see the climate change issue as a covert attempt by the industrialised world to protect its competitive advantages by choking off development elsewhere. The US, Canada and Australia are sceptical about commiting themselves to a timetable or scale of CO2 reductions, while western Europe is more inclined towards action. Probably the best that can be expected is an understanding to monitor climate change more closely and an agreement to carry on talking, based on the "precautionary principle", which might lead to a new protocol on cutting CO2 after 2000.

What is the "precautionary principle?"
This is the theory that if an issue is sufficiently serious (as climate change appears to be) action should be taken before science comes up with foolproof evidence to back it. Observance of the precautionary principle started the ball on climate change rolling. Moreover, many steps, such improving energy efficiency, would be valuable in their own right.

Will failure matter
Not to us. Climate change is extremely slow. The planet also has an extraordinary ability to adapt. However, that does not mean the risks can be ignored. Failure is unlikely to affect our lives, but may have an impact on future generations. And the longer we delay, the more difficult it will be to remedy matters later.

Haig Simonian



Hoop Dreams: raved over and Oscar-nominated in America.

FILM/VIDEO

■ A new movie genre has grown up in the last decade: How To Be Black And Survive In America. Two new films, though, suggest the category is at last widening beyond agitprop.

Spike Lee's *Crooklyn* is a family story scored for comedy and tragedy. Though made by the director of *Malcolm X*, it is startlingly short on politics. Lee's 1970s Brooklyn community, partly autobiographical, is evoked by its "ordinary" humanity; by the way one delicately drawn family copes with the universals of work, love, conflict, bereavement.

Steve James's *Hoop Dreams* is a three-hour documentary about basketball. You know it must be good to have crossed the Atlantic with that disadvantage. Raved over and Oscar-nominated in America, it follows two black boys who try to crash through to sporting success. One does, one doesn't. The film's magic lies in its deft dovetailing of two human stories, refusing to turn them into a sermon on race politics or on sport-as-ghetto.

■ In video, *Rapa Nui* and *Fear Of A Black Hat* are the wacky and wanton sides, respectively, of ethnic stereotyping. *Hat* is a rap-group parody modelled after *This Is Spinal Tap*. *Nui* is an enjoyably addle-pated epic about Easter Island. Director Kevin Reynolds made the costliest film ever, the $170m *Waterworld*, starring Kevin Costner.

■ A more straightforward video delight is *Speed*, the best action thriller of 1994. It features Keanu Reeves, a runaway bus and a mad bomber (Dennis Hopper). Why not also try the old Charles Laughton-directed classic *The Night Of The Hunter* (1955): runaway children, mad preacher, surreal studio landscapes. A must for every home viewer building a library.

Nigel Andrews

MUSIC

■ I know the record shops are fuller than ever of compilations and collections, but *The Best of Badfinger* – the first Apple album for 20 years – really is a fascinating slice of pop history. The group's story is full of paradox and, ultimately, tragedy. Best known for the jaunty "Come and Get It", written, produced and arranged by Paul McCartney, the band actually possessed some very accomplished songwriters – Tom Evans and Pete Ham were responsible for "Without You", but the band's own version, included here, is virtually unknown. A couple of minor hits followed – "No Matter What", "Day After Day" – but the group's undoubted talents for tuneful melodies unfortunately blossomed just when impenetrable, "progressive" music came into fashion. They split in relative obscurity in the early 1970s; sadly, both Ham and Evans committed suicide in subsequent years.

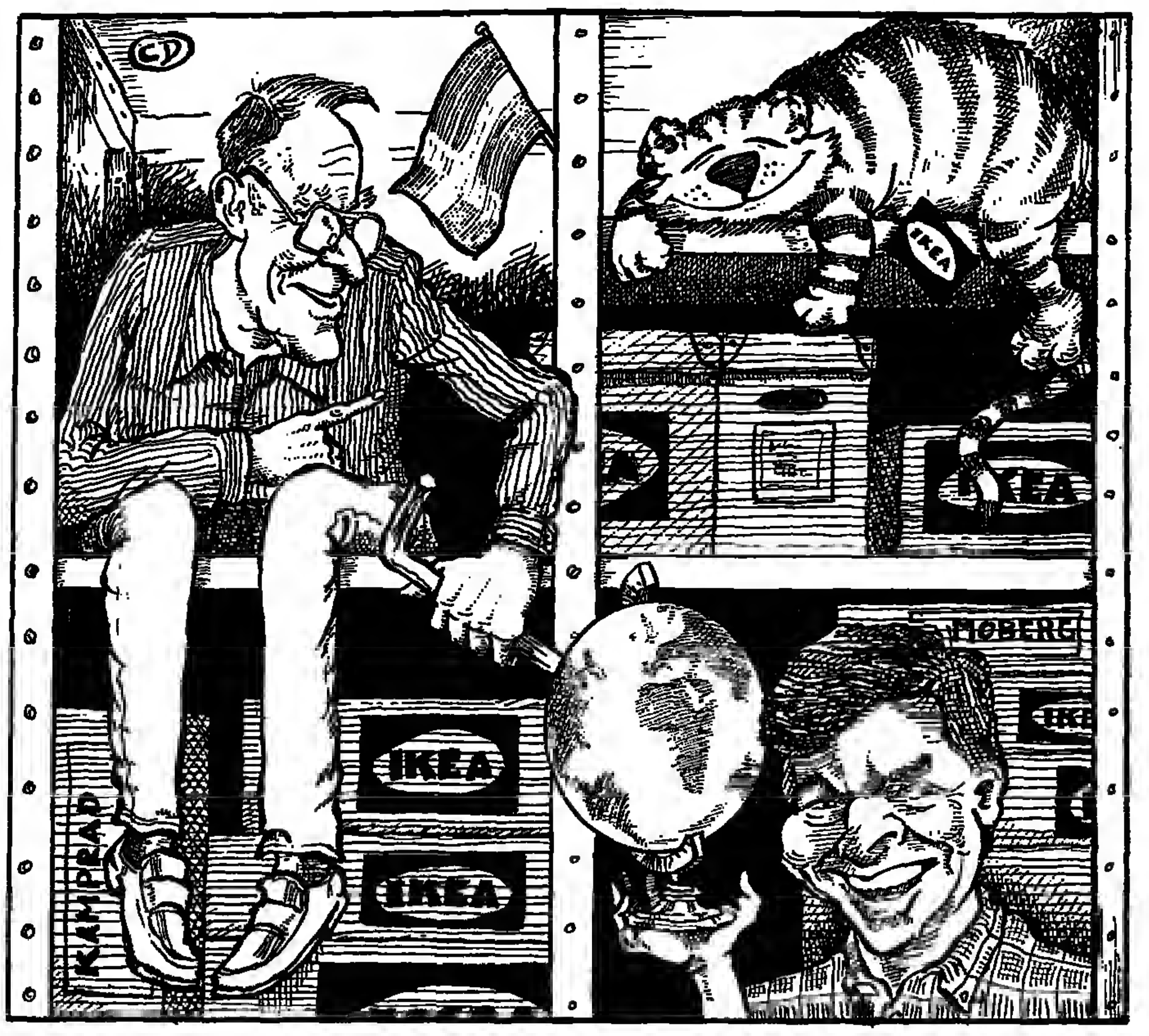
□ It was groups like King Crimson which flourished while Badfinger's releases gathered dust in record shops. Remarkably, they are still going; "King Crimson's constitution is exactly like the British Constitution – it's unwritten and malleable," once commented the band's learned leader, Robert Fripp. The band now includes golden oldie Bill Bruford and Adrian Belew, who has played with David Bowie, Talking Heads and Frank Zappa. *Thrak* (Discipline) even has the audacity to include a track with the chorus: "I'm a dinosaur, somebody is digging my bones." Irony or what?

Peter Aspden

MANAGEMENT

Hugh Carnegy on changes at the Swedish company which ignored the rules to become a worldwide retail chain

Struggle to save the soul of Ikea



You cannot mistake the singular, very Swedish culture of Ikea when you visit Almhult, the little railway town in the forests of Smaland where Ingvar Kamprad founded the business 52 years ago and which remains the hub of an international retailing empire.

Distinguishing managers from "co-workers", as Ikea employees are called, is impossible in the informal, open plan offices where suits are non-existent and ties a rarity.

A large mural on the wall in the lobby depicts a Smaland landscape with the motto "Ikea's soul". On a wall is pinned the "testament of a furniture dealer" penned in 1976 by the guru-like Kamprad, who rarely shows his face to the public, but whose presence is keenly felt throughout the organisation.

Anders Moberg, chief executive of the Ikea retailing operation, is an affable, self-effacing man who looks more like the coach of a schoolboy ice-hockey team than the boss of a billion-dollar business. Like everyone else at Ikea travelling on business, he flies economy class and never takes taxis when public transport is available.

"This is a company that is steered more by vision than by figures," he says with a smile.

Ikea has certainly broken a series of conventions in building itself into a worldwide retailing chain. A privately held company still closely controlled by Kamprad, now 69 years old, Ikea largely ignored the retailing rule that international success involves tailoring product lines closely to local tastes.

Instead, it has stuck by the nostrum laid out in Kamprad's "testament" to sell a basic product range that is "typically Swedish" wherever it ventures in the world – underpinned by the determination to sell quality furniture at prices the majority of people can afford.

The company remains largely production-oriented: that is, it decides what it is going to sell and then presents it to the public – often with startlingly little research as to what the public wants to buy.

"We don't ask so many questions before we start up new things," says Jan Kjellman, head of Ikea's Sweden division, whose design team – almost all Swedish – create the 12,000 items on sale in Ikea stores worldwide. "Last year we launched the 'Swedish Cottage' range without any market research – but the customer liked it very much."

Financially, too, Ikea is unconventional in a business where margins are tight and overheads high. It owns almost all its 123 stores (accounting for 1.8m sq m), paid for with its own cash. Moberg says Ikea has as much capital tied up in real estate as an industrial company has in machinery. "That is a policy we have," he says. "We don't like to be in the hands of the banks."

The formula has worked: Ikea has grown in the last 20 years from a group with 10 stores in five countries, with annual turnover of $210m (£128m), to having 125 stores today in 26 countries, reaching sales in its 1993-94 financial year of $4.7bn. The company is famously reticent about figures, but does not quarrel with an assessment made last year by Affärsvärlden, a Swedish business magazine, that Ikea's after-tax profit margin stood at 6-7 per cent of sales.

The success has brought Kamprad a long way since 1943 when he opened a mail order business. He has long since moved his holdings out of Sweden for tax reasons. The Ikea retail operation is owned by a foundation set up in the Netherlands (which also owns the Habitat chain) and now has its legal headquarters in Denmark. The family interests also include Inter-Ikea, which owns the Ikea name and controls the franchises which run a minority of Ikea stores, and Ikano, a separate company with banking and finance interests.

No one outside the Ikea inner circle knows the real financial strength of the organisation. But Affärsvärlden reckoned a year ago that the Ikea retail operation had a market worth of SKr35bn (£3bn).

Not everything at Ikea is quite as serene as it appears in Almhult. In recent years, the company has had to cope with recession in some of its main markets – particularly Sweden itself, which still accounts for 11 per cent of sales. Ikea's venture into the US, launched in 1985, was beset by difficulties and initially ran up heavy losses.

There has also been some damaging publicity – most notably last year when the revelation that Kamprad had been involved in a Swedish pro-Nazi group during the 1940s attracted the adverse attention of influential Jewish groups in the US.

Above all, however, Ikea has been prey to structural problems stemming from its fast growth. As the organisation expands further, it has had to adjust the way it operates in ways that are likely to erode the close-knit, Swedish-driven culture of management. Coping with Ikea's evolution while maintaining its essential values and identity is a key task for Moberg.

Over the past two years, he has had to get a grip on an organisation that had become bloated. "In all successful organisations, whether private or public, there is a risk that success will make you complacent. We had become a little bit like a stuffed tiger," Moberg says.

Costs had risen to more than 37 per cent of sales value from levels of around 30 per cent at the end of the 1980s This was an alarming development for an organisation which has always stressed its cost consciousness: "An idea without a price tag is never acceptable," wrote Kamprad in his "testament".

The main target was a fearsomely complex production and distribution chain, encompassing 2,300 suppliers in 67 countries, but which all too often ended with frustrated customers unable to find what they wanted in the stores.

Before the reorganisation, up to 90 per cent of goods went through Ikea's 12 distribution warehouses on the way to the stores. Today, some 30 per cent of goods go direct from the manufacturer to the store and the goal is to reach 50 per cent. Lead times for the development of new products are being cut, the extent of the Ikea range of products is being trimmed and suppliers are being pressed for lower prices.

At the same time, a greater emphasis is being put on increasing sales volumes in existing stores rather than the rapid expansion of new outlets. After adding 18 new stores in the peak expansion year of 1992, the aim now is to average a more modest six or seven a year.

"We are not very good at space management," admits Moberg. "We can become more professional in that area."

He says that Ikea's policy – again laid down in Kamprad's "testament" – of always offering a substantially lower price than its competitors, will help to keep in shape an organisation which does not have the pressure of shareholders scrutinising its financial performance.

"Our policy puts a lot of pressure on ourselves," says Moberg. "Our people cannot compensate with price increases. They have to get volume growth and better efficiency in our stores."

But even if Ikea is overcoming these problems – Moberg says volumes are again moving up and cost ratios coming down – it still has to reconcile the structural demands of its international growth with its relaxed, but curiously rigid way of operating.

Ikea insists that all its stores, whether in the UK or the United Arab Emirates, carry the basic Ikea range as produced by the company's Swedish unit, with little room for products tailored to local tastes.

"There is always a conflict between the local store and Ikea of Sweden," admits Jan Kjellman. "They want to follow local market trends but that is usually not in line with the Ikea identity. We have to safeguard the identity."

Sticking too rigidly to that line has at times got Ikea into trouble – especially in the US. In what has now become part of company legend, Ikea was initially baffled by the reluctance of US customers to buy its beds and bed linen. It eventually realised that Americans liked bigger beds than Swedes and ordered larger beds and sheets from its suppliers. Sales suddenly took off. Much the same happened with kitchen units which previously did not accommodate plates large enough for pizza.

Moberg now laughs about the episode. "We were a little bit dumb," he says. Elsewhere, similar adjustments have been allowed – such as including leather-covered sofas in Belgian stores, and corner sofas in Austria.

And last year Ikea commissioned its first extensive market research programme in Europe to gain a sharper impression of its customers.

Although the company was reassured to find its Swedish identity was popular, a pull away from the exclusively Swedish Ikea concept seems inevitable as Ikea listens more to its customers and expands into areas such as the far east, where it now has six stores, and, next year, even China.

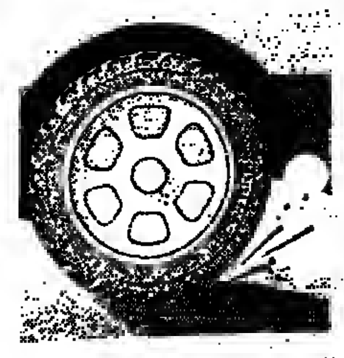
"Of course when we come to China we will have to behave differently – if only because of the size of dwellings," says Moberg.

These centrifugal forces may also be strengthened by a growing trend within Ikea towards franchising, where local partners will be the driving force in individual stores, rather than Moberg's management team. Fifteen Ikea stores are now run as franchises operated by Inter-Ikea.

But Moberg is adamant that the core Ikea culture will be maintained. He says that by remaining a private company, it will keep its commitment to long-term growth, allowing it to absorb losses such as occurred in the US without changing its basic strategy. At present, Ikea owns large banks of undeveloped land in eastern Europe, including 150,000sq m outside Moscow, but is content to wait for better prospects before seeking a return there.

With Ikea holding only a 5 per cent market share in its biggest single market, Germany, Moberg says the company still has "huge" growth potential around the world. And it does not believe it should depart from Kamprad's 1976 "testament" to achieve it.

"If we had adapted to more traditional German tastes and styles we would have won a bigger market share there – but we would have had a different profile," he says. "We believe in the long run we will win the customers over to our Swedish way of thinking on furniture and home furnishing. So we will keep our profile. Our identity is extremely important for us."



FAST TRACK

Avant Guardian

It may be the world's fastest growing business communication channel, but the Internet has security directors worried.

The worldwide computer network was established to make communication between scientists easier, so security features to defeat fraudsters and hackers were omitted. Now that commercial companies are increasingly planning to use the Internet as an "information highway", carrying confidential information and financial data, its vulnerability to wrongdoers is a serious concern.

Richard Mackenzie and Terry Harris, technical director and chief executive respectively of Avant Guardian, a five-year-old, London-based company, believe they can render the Internet – and any other computer network where the public telephone network provides the connections between the individual computers – as secure as is practicable.

If Mackenzie and Harris are right, their "Proscripter Modem" should have vast sales potential. As computing networking grows, most businesses are beginning to realise how vulnerable their systems are.

Modems are telephones for computers. They turn the bits and bytes of computer language into signals which can be transmitted down a telephone line. One is needed at each end of the line. Incoming data has to pass through the modem before entering the computer system.

The Proscriptor allows genuine modems to be recognised and a connection established; if the transmitting modem is not recognised, either the line is dropped or the potential hacker diverted to a personal computer which presents him with a mock log-on screen, where as Harris says, "he can play to his heart's content". In either case, the hacker never knows why his attack has failed.

Harris, 56, a computer industry veteran with experience at Singer Business Systems, Control Data, Centronics and Summagraphics teamed up with Mackenzie, 55, inventor and former television cameraman, through a chance meeting. They raised an initial £160,000 in two stages from personal sources and are considering a bank loan to raise further working capital.

The system is essentially an electronic lock and key which prevents unauthorised access, but can also encrypt messages for greater security. Some UK government departments are showing close interest in the device and have already placed orders. Avant Guardian is developing a special government version of the Proscriptor which incorporates software to code and decode messages.

There are other ways of securing access to networked systems but none have the ease of use, simplicity and low cost of Proscriptor, according to Harris and Mackenzie. Production in quantity will begin in May.

In the UK, the computing services company Logica is testing the modem on behalf of the government.

In small numbers, each modem costs about £2,000; in quantity the price falls to about £1,200. For worried business users of the Internet, it would seem a small price to pay for security of data and peace of mind.

Alan Cane

Of bosses, babies and balance

LUCY KELLAWAY

Two weeks back from maternity leave I can confirm that it feels wonderful to close the door in the morning on the dirty nappies and whining children and head for the calm adult world of the office. It feels less good to return in the evening to find one child running a fever, another having a tantrum and the baby hungry.

Every mother I know frets over how best to balance home and work. Some manage better than others, but all take for granted that at least some of the time it seems as though you can do nothing right.

With this in mind I have been reading with interest how Britain's captains of industry view the problem. A book to be published next month* interviews a selection of (mostly male) chiefs of big companies on the well-worn question of how they got to the top. It asks which has come first: their jobs or their families?

Hardly surprisingly, the older generation of bosses mostly say that work has taken priority. Richard Giordano, chairman of British Gas, admits to having seen too little of his children, although he appears to take comfort in the fact that none of them have turned into junkies (unlike, he suggests, the offspring of some of his friends).

By contrast, the younger generation of chief execs insist that when it comes to the rub, family always comes before work. Yet the fine words of these new men do not quite ring true. Does family really come first, if like Bill Castell, chief executive of Amersham International, you work from 7am to 8pm and in just one month have visited the US twice and Japan once? Or if, like Neville Bain of Coats Viyella, you work 65 to 80 hours a week and travel constantly?

Martin Taylor of Barclays Bank unlike most of his peers, does not comfort himself with any easy platitudes. He complains of being distracted and bad tempered at home and says that of course his family suffers. He says the problem is a difficult one and he doesn't know what is to be done about it. That sounds like real life to me.

Only one of the business leaders puts forward a specific example of how home life takes priority over the office. GrandMet's Lord Sheppard tells with pride of how he dashed away from work one day to tend an invalid at home – but in his case the invalid was not a human being, it was a dog.

The pair of new bosses at Procter & Gamble are different as chalk and cheese, we are told. You could have fooled me, judging from their photographs. John Pepper (left) and Durk Jager (right) have the same hairdo, the same glasses, the same

tight-lipped smile and wear the same clothes. They are more or less the same age and have both been at P&G man and boy. It is all very well to encourage a strong corporate culture, but at P&G things seem to be getting out of hand. Especially as the man that the two newcomers resemble most is none other than Edwin Artzt, the old boss, who also has the same hairdo, the same clothes, the same tight lipped smile...

On the subject of appearances, I was startled by the picture in last week's FT of the new stamps supremo at the Royal Mail. Alistair Sharp is just 28, yet looks a good decade older than that. There is surely a syndrome here: young people who get promoted into senior jobs often look older than their years.

Some (like Sharp) have well-lined brows. Others (like Howard Davies) have lost their hair, or (like John Birt and Charlie Scott) have gone prematurely grey. The explanation may be that the signs of age are an advantage, lending gravitas and helping the prodigy earn respect. Or perhaps it is that spending so much energy clambering up the ladder wrecks havoc with the bloom of youth.

So now we know that Rupert Pennant-Rea used to while away the time during long and boring meetings thinking about his lover. This revelation is supposed to have been particularly damaging as it would have meant that no one could take his presence in meetings seriously once they knew what he was likely to be thinking about. This is the wrong conclusion to have drawn. The correct one is to enquire why the meetings were so boring in the first place and look at ways of making them less so.

Roads to the Top, Ruth Tait: Career decisions and development of 18 business leaders. Macmillan Business.

MEDIA FUTURES

Screens in a class of their own

John Authers looks at the introduction of multimedia teaching methods in Britain

When pupils study the second world war at the Queens' School, a mixed comprehensive near Watford, north London, they look into the future as much as the past.

The school is piloting one of several initiatives to introduce multimedia to British schools. This year, for the first time, 13-year-olds were taught about the war using the school's new multimedia centre.

Those lessons demonstrate the potential of the shift from micro-computers to new educational techniques using multimedia and online technology – hut there seems to be confusion among policy makers over how these technologies should be introduced.

At Queens', half the class sit at the 16 screens, wearing head-phones and listening to the scream of diving Stukas as they watch footage of Hitler's hlitzkrieg explode across the screen. While the action unfolds they can follow their interests – a few clicks on the mouse, and they can be reading chilling anti-semitic texts from Mein Kampf, or listening to Winston Churchill's speeches.

War in the classroom: pupils at the Queens' School follow the progress of Hitler's blitzkrieg

The remainder of the class study documeots and books seated at large tahles in the middle of the room. They have none of the appeal of the screen images around tbem, but with their interest whetted, even eothusiasm for books is greater than it was.

Mary Marsh, the head of Queens', reports that pupils' work has improved sharply since last year, when they still studied the 1939-45 conflict by more orthodox means.

The pilot has also discovered other educational applications. Children show signs of much greater enthusiasm for language courses, for example. The machines ask them questions in French, and then ask for replies, using a microphone. Good responses receive enthusiastic applause over the head-phones.

Elsewhere, according to Marsh, mnltimedia helps to win and sustain children's attention. The exercise of putting on head-phones and having to manipulate key-board and mouse is moch more enthralling than openiog a textbook.

While this effect wears off over time, it helps to establish their enthusiasm. Children are now asked to research projects using the multimedia centre, and not the llhrary, to give them confidence with the equipment.

The school also uses e-mail internally and to make contact with a school in Russia. It is also involved with a project to teach geography using the Internet hut so far this has been hampered by technical difficulties and hy cost.

In the future, the school would like to use online facilities for multimedia material, hut the technology is not yet ready. This is a problem for many other schools, unsure whether they should yet be replacing the first generation of information technology in the classroom, dominated hy ageing micro-computers.

Many companies which failed to make an impression on the market the first time around are determined to establish a presence as attention moves to multimedia and tha Internet.

Education department statistics show that schools have revolutionised their spending on computers in the last decade, hut already have a large stock of ageing machines which need to be replaced.

Last year there was an average of 85 micro-computers in each secondary school, compared with 13 ten years earlier. But more than a third of school computers are now over five years old. Many of the BBC computers made hy Acorn for schools in the early 1980s, for example, are still in use. Average expenditure on computers was equivalent to £29 per pupil, or £23,950 per school, up ten-fold from the £2,250 in 1984-85.

Two fifths of all micro-computers available in schools were supplied hy Acorn, and almost one third by Researcb Machines. These two companies exert a similar dominance over primary schools, where even more computers are ageing. This seems to be tha cue for significant reinvestment.

As a result British schools suddenly find themselves criss-crossed by pntative educational superhighways.

Several government departments are separately funding pilot schemes to introduce the new wave of online and multimedia technology to schools, with the aim that all the country's 5,000 secondary schools should have access to online technology hy the end of the century.

Last week saw the launch of the Department of Trade and Industry's Schools Online pilot scheme. This will provide £250,000 of government funding for a consortium of 20 information technology and communications companies to link 50 pilot schools – chosen to give a broad geographical spread – to the Internet. Each school will be "adopted", provided with equipment, line connection and training.

The companies, which will contribute £350,000, are all members of the UK National Information Infrastructure task force, which first proposed the idea to tha government. Members include communications companies British Telecom, Cable & Wireless and Motorola, and computer manufacturers such ICL, IBM (UK), and Bull Information Systems. All are hoping to use this as an opportunity to establish a presence in the schools market.

Last week's move followed February's announcement of a private-public sector collaboration to introduce a series of regional "learning information superhighways", with training providers working jointly with unlversities and local education authorities.

Queens' was the first pilot for this scheme. All the equipment was supplied by Link Training, a private sector training provider, which also employs one person full-time to administer the centre. The oompany aims to expand Its use of the centre by offering adult education and training out of school hours – this should allow it to make a return on its investment.

Its plan Is to extend this scheme with a series of "regional superhighways", linking schools with training providers and universities. The first such scheme has already been announced for Merseyside. It involves Liverpool John Moores University, the local education authority and Link in a scheme to provide multimedia for all the area's schools. Once technology permits, these networks can be used for transmitting multimedia material.

These are not the only initiatives encouraged by the government. In January, Gillian Shephard, the education secretary, asked information technology companies for proposals on how online technology could be used to help schools, with the possibility of education department backing for the most promising schemes.

Ian Taylor, technology minister at the DTI, defends the proliferating pilot schemes: "There's no conflict between pilot projects. They are all adding to our total knowledge. At least we will get a selection of schools coming up with their own innovative ideas on how to use it, which can then be passed on to others."

He suggests that the Internet already provides opportunities for experimentation, and will allow further progress: "It is a first step, but one which may encourage schools to go on to explore the higher capacity multimedia superhighway."

The dream factory the dream team and the dream machines

By Louise Kehoe

The story of "DreamWorks Interactive" reads like the plot for a Michael Crichton novel:

A trio of world famous Hollywood entertainment moguls join forces with a high tech billionaire, reknowned for his bare knuckle business style. Together, they draw up plans to bring the wonders of the silver screen to computer discs in the form of interactive multimedia games.

Among the central characters in this tale of industrial convergence is a dynamic young female executive who brokers the deal to form the new company and lays out its strategy.

Striking fear into the hearts of competitors, the partners declare that "money is no object" as they pursue their ambitions to create a new age of digital entertainment . . .

But there is nothing fictional about the interactive multimedia joint venture formed this week by Microsoft and DreamWorks SKG, the Hollywood studio founded last October by Steven Spielberg, music magnate David Geffen and Jeffrey Katzenberg, former Walt Disney studio chief.

Tentatively called DreamWorks Interactive ("we will probably come up with a better name," says Bill Gates, Microsoft chairman) the new software company represents the most potent marriage to date of Hollywood and high tech, bringing together some of the most highly acclaimed talents from both sectors.

"The primary focus of the venture will be hringing new adventure games and stories to the interactive realm on personal computers, via online networks, or other platforms," says Patty Stonesifer, senior vice president of Microsoft's consumer division, who struck the deal between ber company and DreamWorks.

"Wa want the venture to become a premier provider of interactive products. We think that the assets of both companies lend themselves very well to creating an interactive entertainment prodnct line and a great new approach to taking a story that is developed in other media and bringing it to the interactive world."

Each of the partners will provide initial capital of $15m, which will be used to hire aboot 75 of the "best and brightest" software writers, animators and story line spinners for the new company.

Many of the interactive titles will be based on motion pictures and television programmes produced by DreamWorks SKG, the partners said. They aim to produce as many as two dozen titles a year, rolling ont the first personal computer games toward the end of 1996.

For DreamWorks, the multimedia venture is an adjunct to mainstream film, television, animation and music production plans. "Its importance cannot be measured simply in financial terms. It may start small, but we believe that in the long term its potential is tremendous and it will become an equally important contributor to the company," said Katzenberg.

In the smaller universe of multimedia personal computer software, however, DreamWorks interactive represents a potentially powerful new force.

Microsoft is already by far the world's largest software producer with its virtual monopoly in PC operating systems and commanding lead in office applications. Over the past year Microsoft has also risen to the top of the multimedia CD-Rom market with 1994 sales of 8.3m discs, or 15.4 per cent of the world market, according to a market study published last week by Dataquest.

For second place Mindscape (owned by Pearson, the parent company of the Financial Times) with 12.4 per cent of the world market, Electronic Arts, Broderbund and other PC game producers, DreamWorks Interactive could become a tough competitor.

With its bountiful parent companies, DreamWorks Interactive will be well placed to purchase rights to popular film themes and characters – a big element of success in the fledgling multimedia business. "Finances won't be a constraint at all for this company," says Gates.

Also significant is Microsoft's agreement to distribute DreamWorks Interactive prodncts. Only about 10 per cent of multimedia CD-Rom prodncts currently find "shelf space" in leading US computer retail stores, according to industry analysts. Microsoft, however, can assure DreamWorks of widespread retail distribution.

DreamWorks Interactive nonetheless faces several challenges. A key issue will be whether the joint venture can successfully hlend the disparate cultures of the movie and computer software industries; a task that has proven difficult at other multimedia companies. The potential for problems "is proportional to the size of the egos involved", says one software industry executive.

The DreamWorks principals are, however, confident that they can work well with Microsoft. "We have spent a tremendous amount of time in the past six months getting to know Bill [Gates] and his team," says Katzenberg. "We are very confident of our ability to collaborate."

Ultimately, success will depend upon an ability to create compelling games. "The play is the thing," says Spielberg.

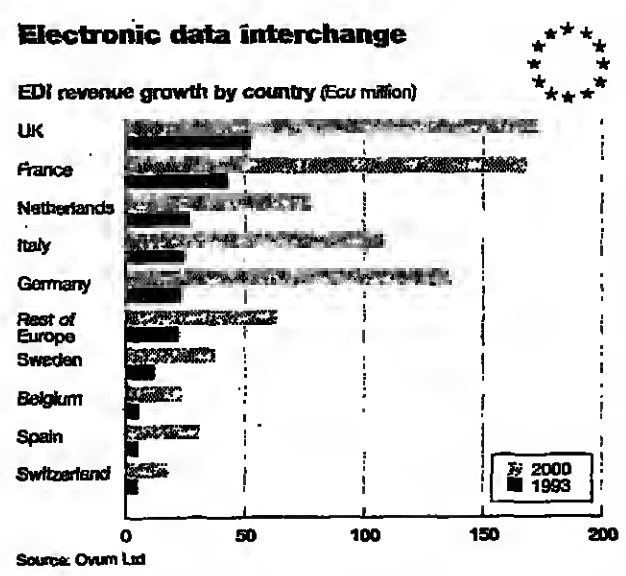
● Apple Computer will today introduce software tools and technologies for "interactive music" – a blend of music, video, graphics and text. Several leading record labels and artists are expected to announce plans to use the new Appla Macintosh software to create "enhanced CDs". These are multimedia CDs that can be played on a standard audio CD player or a PC.

EDI: what benefit is it?

Vanessa Houlder examines the quick route to business efficiency

In the brave new world created hy the convergence of electronics and telecommunications, few subjects would seem more mundane than the processing of invoices, purchase orders and advice notes.

Bnt electronic data interchange – sending information from one computer to another across a network – is having a profound impact on business. By cutting out delay, errors and duplication in ordering and hilling systems, it allows companies to reduce costs, carry less stock and adopt closer relationships with their suppliers and customers.



The impact of this technology is at its most striking in the retail industry, where the use of EDI – and associated technology such as electronic mail – is blurring the roles of the retailer and the supplier.

For example, Somerfield, the UK supermarket chain, intends to use electronic trading to share responsibility for stock management with its suppliers. Under its co-managed inventory system, which will begin trials next month, Somerfield will use EDI and electronic mail to inform its suppliers about movements in its stock, sales forecasts and planned promotions. The suppliers will have online access to the forecasts, which they can amend in the light of their own estimates of future demand.

Next, Somerfield plans to get even closer to its suppliers hy adopting "self-billing". Instead of waiting for its supplier to send an involce, it will simply pay the sopplier on the basis of information from its own system.

Already EDI has led to improved accuracy, speed, reduction in lead times and a reduction in the number of people needed to place orders, according to Charles Collins, EDI project director at Somerfield.

But he believes it has wider implications hy creating a sense of partnership with its suppliers. The mere fact that electronic flows of information have replaced the telex "is pretty minor compared with the cultural changes within the organisation", he says.

This view that electronic trading has strategic, as well as tecbnical, importance is widely held hy its proponents. In the view of John Thorpe, managing director of GE Information Services, INS Division, one of the largest European networks, electronic commerce is "a business tool which enables companies to reassess their husiness processes and improve them".

He argues that automating trading processes is a logical next step for companies that have already squeezed productivity gains out of the manufacturing operations.

The idea that companies can deliver better customer service using electronic trading often involves more than just the automation of its invoicing and hilling systems. By combining EDI with e-mail and systems responsihle for monitoring and replacing stock, companies are exploring new ways of getting closer to their customers.

For example, Avnet EMG, the electronic component distributor, has used electronic trading to extend its husiness beyond the boundaries of traditional distribution. Its electronic ordering system reaches right down to the shop floor. When a box of components is empty, tha operetor swipes a har code to send the order through to the distributor.

Stevensons Fashion Dyers, part of the textile group Coats Viyella, uses EDI to automate the transmission of dyeing instructions from its customers. The network also informs customers wheo their goods are about to arrive. The result, says Peter Reed, EDI co-ordinator is "a closer relationship with our customers".

The claims made for EDI are not always borne out in practice. Getting its full benefits depends on estahlishing a strong partnership with other companies in the supply chain, which can be an elusive goal for many hard-pressed suppliers. "The companies that benefit from EDI will be fewer than you expect and it will take longer than you might expact," says Andy Bytheway of the Cranfield School of Management.

Difficulties in implementiog EDI programmes are common. A survey of European EDI users, hy PFA Research, a Bodmin-based research company, found that although 92 per cent of users said EDI hrought important benefits, 59 per cent had difficulties implementing it. The most common complaints concerned technical prohlems, difficulties with trading partners and choosing and agreeing standards.

Smaller companies have typically had the greatest problems with EDI. "A lot of smaller companies have been asked to trade electronically with larger companies. Not all of them find this as easy as the large companies," says Neil Lawrence, senior marketing manager of Managed Network Services at BT, the UK telecoms company.

Their prohlems have stemmed from a lack of computer expertise and partly from cost. However, costs have fallen sharply. Adopting EDI costs from £600 for the first year, a tenth of the expense five years ago.

Smaller companies have also had difficulty in integrating EDI with their business software, which undermines most of gains in accuracy and speed normally broughbt by EDI. According to Gary Lynch, chief executive of the EDI Association, many small suppliers have been left with the idea that EDI is just "an expensive fax machine".

Now, however, the software houses are starting to address this problem. GE Information Services has recently signed a partnership agreement with Multisoft and Pegasus, with the aim of integrating EDI capahility with accountancy and business software.

Another prohlematic aspect of EDI concerns the connections between different network suppliers. Sending information to a computer linked to a different network ls less secure, confidential and traceable than using a single network throughout.

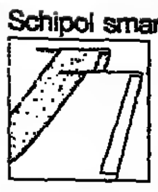
The relatively modest role played by the hanks in EDI has also aroused criticism. "Financial EDI is still a prohlem," says Bytheway. "What is holding it back ls conservatism and the exorbitant charges which banks make for transactions," says Thorpe. But the banks say that criticism of the cost of Financial EDI neglects the savings from reducing the customer's workload associated with data entry, authorisation and reconciliation of cheques.

Peter Golson, senior product manager for Barclay's EDI service, says the cost of processing a payment using financial EDI is £6, of which the bank's fee is £1. By contrast the total cost of processing a cheque for the bank and its customer is £10-£17. As the benefits are increasingly recognised hy companies, volumes of EDI users are doubling every six months, albeit from a small base, he says.

Whataver the shortcomings of EDI, most commentators helieve it is here to stay. "There is no douht that electronic commerce will be the main way that business is done in the future," says Bytheway.

The uptake of both financial and commercial EDI is expected to gather momentum throughout Europe. Its market is likely to grow at a compound rate of 21 per cent to the year 2000, in the view of Ovum, the market research company.

Schipol smart cards



Schiphol airport at Amsterdam is now using magnetic cards for passengers travelling between the seven Schengen countries.

As from yesterday, travellers between the seven – the Netherlands, Belgium, Luxembourg, France, Germany, Portugal and Spain – are not subject to passport control, regardless of nationality.

Travellers will be given an 'Open Border Card' enabling them to by-pass passport control.

Gatwick bonuses

London's Gatwick airport is to launch a points scheme to reward passengers who spend money at the airport.

From April 3, passengers who eat, shop, park their car or change money at Gatwick will collect points on a swipe card.

The points can be exchanged for air miles on Virgin Atlantic, Continental and Northwest airlines or money-off vouchers for Gatwick facilities.

Airport express sale

Railair, the management team planning a buy-out for Gatwick Express, linking Gatwick Airport with London Victoria, has said it is interested in bidding for Network South Central. NSC, which could also be the subject of a bid from its own management, provides a mainly commuter service between London and the south coast, as well as an alternative link to Gatwick airport.

SAS strike threat

Ground staff at SAS in Denmark looked set to strike on April 1 after talks on pay and working conditions collapsed last week.

The threatened stoppage by some 1,700 staff involved in check-in, ticket sales, and freight and transit activities at Copenhagen's international airport has already been postponed twice.

SAS said the strike could disrupt domestic as well as overseas flights through its Copenhagen hub.

High cost of leaving

Lebanon has the highest departure tax in the world, at £40 for first class passengers and £20 for other travellers, according to a league table produced by Home & Overseas, a travel insurance group. In second place is Jamaica, which charges £19.60, and third is Greece, where the tax is £15.90.

The new £10 international departure tax for travellers departing the UK puts the country in the top 10, ahead only of Belgium.

Tirana hotel upgrade

Albania's first four-star hotel opened at the end of last week when the upgraded Hotel Tirana – now the Tirana International Hotel – was inaugurated.

The revamping of the hotel, which overlooks the central Skanderbeg Square, is the result of a 12-month Italian renovation programme financed by the European Bank for Reconstruction and Development.

The closure of the hotel for reconstruction had left Tirana with only one major hotel, fuelling a boom in private boarding houses to serve demand from foreign business visitors.

Two further modern hotels are due to open shortly.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	12	14	15	18	17
Hong Kong	28	18	28	30	30
London	7	9	10	13	15
Frankfurt	6	9	6	8	10
New York	11	10	7	8	9
L. Angeles	23	22	23	21	24
Milan	17	11	9	8	16
Paris	8	8	8	10	13
Zurich	9	4	7	5	7

Information supplied by Meteo Consult of the Netherlands

Maximum temperatures in Celsius

City without a heart

Laura Tyson on getting around Taipei's scattered facilities

SMART GUIDE

What is the best area to stay in? Taipei has no city centre or well-defined business district. Nor does it have a pavement café culture, although night markets with modest dining *al fresco* abound in alleys around the city. The best area to stay is in the quasi-financial district, where many – but not all – banks, big corporations, securities houses and multinationals have offices. Taipei's notorious traffic jams make it advisable to stay close to where you will be working. If your appointments are scattered around, stay near the centre.

If you are into exercising, the Chiang Kai-shek Memorial is the best place to go jogging. And there is a stadium with a track which opens early and closes late. Running on the streets is not recommended: as well as the noise, fumes and traffic, Taipei's pavements are notoriously treacherous.

What about hotels?

Taipei now offers a wide selection of accommodation, ranging from world-class to the ubiquitous "love hotels" which vary in degree of seediness. But do not expect bargains in any category. Prices at mid-range hotels are $100-$150, and list prices for five-star establishments start at about $200 per night plus tax.

However, few business travellers pay the full rate. Sometimes hotels offer seasonal deals, and corporate discounts of 20 per cent to 30 per cent are often available. If there is a conference in town, be sure to book early.

The unpretentious Sherwood is a favourite – it is in the heart of the so-called financial district, said to be well-managed and with good restaurants. The bar on the second floor is a good low-key place to meet after work.

If you are attending a conference, chances are it will be in the convention centre. This makes it convenient to stay at the Grand Hyatt, which is attached to the convention centre and the World Trade Tower, where many domestic and international companies have offices. The drawbacks to the Hyatt are that it is far from everywhere else and the traffic is particularly snarled in that area.

The Formosa Regent is a good choice: central, excellent restaurants, duty-free shopping and close(ish) to the airport. The business centre staff are exceptionally friendly and helpful.

The mid-range President and Imperial hotels, both Taiwan-owned and operated, can be recommended. They are located near the "combat zone", a faintly seedy but lively district with a strip of American-style bars which used to be frequented by US soldiers on leave from the Vietnam war. Now it is frequented mainly by expats who eschew the trendy disco scene.

How about restaurants?

As a rule the Chinese let nothing get in the way of what they consider to be life's most pleasurable activity – eating – and the Taiwanese are no exception. Entertaining at home is virtually unheard of in Taipei, so there is a plethora of restaurants. Taipei is especially well-known for its variety of Chinese regional cuisines, and is considered to have the best Chinese food in the world. Apart from those in hotels, Chinese restaurants close early (no orders after 8pm-9pm), so beware.

There are also many excellent Japanese restaurants, due to the colonial legacy and the large Japanese business community in Taipei. Authentic western cuisine is becoming more common, but some of the best western restaurants are still in the big hotels. Ask your hotel for recommendations.

For Italian food, Portofino (tel: 755 5581) is thought to be the best, (reservations advisable), and for continental cuisines, Traders Grill in the Hilton hotel (311 5151) offers excellent food and impeccable service. Special menus can be arranged for groups.

Ting Tai Feng (321 8927) is a famous old-style Chinese restaurant specialising in noodles, dumplings and other mainland Chinese favourites. It is said to count senior government and Kuomintang officials among its clients, and is lively, with good atmosphere.

The Tau Tau restaurant (tel 564 1277) on Chung Shan North Road near the Formosa Regent Hotel serves excellent Shanghai cuisine and stays open until 10pm.

What can I do for entertainment?

For a glimpse of the party habits of wealthy young Taiwanese, nothing rivals Kiss disco in the Magnolia Hotel. Kiss's decor defies description but is undoubtedly unique. Celebrities are sometimes spotted among the masses sweltering under the strobe lights to the beat of energetic Filipino bands. Shorts are not permitted – at least on men.

For a place to relax over drinks and snacks, try a bar called C-29-R, known as "Ludan" in Chinese. The ambiance is traditional, with Shanghai-style wooden furniture and decor; and the music is pop, attracting a young and hip clientele. The drinks menu is exhaustive and includes a good selection of European beers.

Club Tu Mambo (704 7290) often has live bands, both local and US, which play everything from New Orleans-style jazz to blues to rock. It has a good bar scene and dancing and a mixed Taiwanese and expat clientele.

For those so inclined, Taipei offers numerous temptations. Barbershops – euphemism for brothels – are ubiquitous and often surreally tacky. Bathhouses complete with massage services are plentiful, but the faint of heart need not be deterred: many are completely legitimate. They are generally open 24 hours and all is provided, including bunks for overnighting. Ask your hotel for recommendations.

What are the quirks of the local business culture?

Taiwan is institutionally daunting, even hostile, to foreigners, but on a personal level the Taiwanese are tremendously friendly, flexible, generous and resourceful. All things are possible, and seemingly insurmountable barriers can be overcome given patience, respect and an open mind. As in Japan and Korea, after-work entertaining is a must. Deals are not struck in boardrooms but in private rooms at restaurants, where camaraderie, mutual trust and friendships are built.

Newcomers will find it extremely difficult to refuse attempts to ply them with large quantities of drink. Women can usually demur by saying they never drink. The ability to relax, get a bit tipsy, tell jokes and amuse your hosts by trying out your three words of Chinese is worth infinitely more than a multitude of faxes and dull office meetings.

How should I get around?

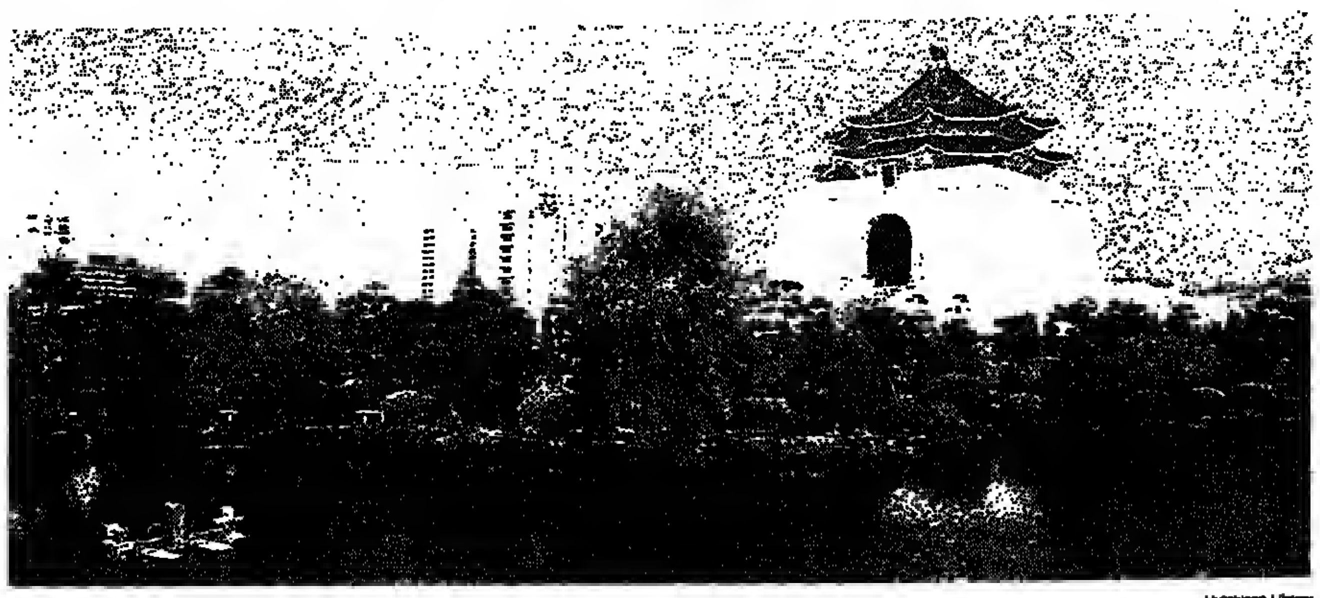
Taxis are good; a chauffeured car is better. Be sure to have tha address writtan in Chinese as few cabbies speak any English. There are buses but no subway. An urban mass transit system is being built, but won't be running for a while.

Suppose I have a spare day?

If yoo have a few hours to spare, one of the best places to go is the National Palace Museum, which contains exquisite Chinese treasures spirited from the mainland by General Chiang Kai-shek before the Communist victory in 1940. Be sure not to miss the carvings and the snuff bottle collection.

The chaos and clutter of downtown Taipei – the lasting impression of many a business visitor – unfortunately tends to obscure the fact that the island has beautiful natural scenery. The most accessible place to go is Yangmingshan park, a mountain reserve north of Taipei. From roads winding up the hills there have sweeping views of the city on clear days. There is an extansive network of hiking trails in the hills.

The mountains are remnants of an ancient volcano which is still riddled with fumaroles and hot sulphur springs, water from which is piped into dozens of hotels and spas in Yangmingshan and nearby Peitou. A pleasant way to spend an afternoon is to go up to Chu Tse Hu, a picturesque valley (once the volcano's crater) where several modest restaurants serve excellent food.



Hutchison Library

Fancy footwork: the Chiang Kai-shek Memorial is the best place to go jogging away from the city's notorious traffic and fumes

The secret guru of design strikes gold

Colin Amery on a just reward for Colin Rowe

So the secret is out. About to be revealed is the name of the man who is, "the golden thread of thought" behind the development of modern architecture in Britain and America during the last 50 years. Her Majesty The Queen, acting upon impartial advice from the Royal Institute of British Architects, has decided that this year she will give the Royal Gold Medal for Architecture to the eminence grise, the secret guru, the power behind the throne – one, Colin Rowe.

Who on earth is he I hear you cry? Search me, would be the answer you would hear from most architects, and no layman has heard of him.

I cannot resist telling a personal story. Some years ago I heard of this remote genius. At the time I was an editor on *The Architectural Review*. One of my jobs was to try to publish articles of serious intellectual weight. I had heard that he was not exactly an easy man and that he was something of a challenge when it came to the production of manuscripts but I flew to beard the sage in his American den.

In the late 1960s the guru was lurking on the campus of Cornell University in upstate New York. In those days you had to take a tiny aircraft to Ithaca, New York and the bumpy flights through the mountains had an edge of excitement about them. Rowe had found me a room on the campus and I could see I was in for long negotiation with the great writer. He was quite keen on two things besides architecture, liquid refreshment of an alcoholic nature and the 19th century English novel. On our first evening two bottles of sherry were placed on the table and one copy of *Endymion* by Benjamin Disraeli. This was the beginning of my architectural education at Cornell.

As all readers of this paper will know Disraeli's novels were not unrelated to his political life. He was fascinated by social and political types and the motives by which they are activated. Rowe began to read *Endymion* aloud – a gripping tale of political and financial ambition – and slowly as the sherry slipped down began to draw parallels between the world of politics and the world of the Modern Movement in architecture. He saw that the political ambitions of architects extended to the reshaping of cities and homes in a way that had little to do with aesthetics or design. He told me that he would like to write a book, in the style of Disraeli, *Who did what and to whom at the Bauhaus*.

That whole book never happened but the next night of my visit, when there were four bottles of sherry on the table, Rowe began to read an example of his own architectural writings – *Collage City*. This was the manuscript I wanted for *Architectural Review*. I was able to publish it much later that year but the process was not simple. The process is rather like his writing – any approach had to be oblique. We talked a lot about England because he clearly felt himself to be a neglected exile. He had been a very distinguished student at Cambridge but he could not see eye to eye with the developing world of Prof Leslie Martin who was beginning to turn out his particular brand of bland and mathematical modernists.

Cambridge was anathema to Rowe then and he was resigned to life on the remote campus of Cornell where he shone alone. He had been happier at Liverpool University where he certainly influenced architects like the late James Stirling.

Why I was interested in him so long ago and why I thought it was vital to try and publish his essay, *Collage City*, was because he was one of the very few tutors who had sensed, from his study of history, thet much of the political ideology behind modern architecture was both suspect and communist. He loathed the idea of architecture being used as a form of social engineering. He warned against the cultural dangers of an ignorance of history and he was shocked by the wholesale destruction of cities that was carried out with such enthusiasm by the political/architectural alliance in the 1960s and 1970s.

He is one of the few teachers who has seen how dangerous it is for architects to be educated totally apart from town planners. He has developed in his own teaching the urban design workshop whare cities and their historic fabric are analysed and explored. Slowly his influence is having an effect.

There is an irony in the decision of the Riba to give the award to this man, who is now 75, because his name will be carved on a wall beneath so many of those whose work he has criticised and who represent ideas that he has been quietly despising for years. But that seems to be the way of the world of architecture. The belated recognition of this talented and sometimes inspired thinker about contemporary architecture is better than not recognising him at all. His ways and his writing are unique and I applaud his choice as the Royal Gold Medallist for 1995.

I continue to admire him but I have never touched sherry again.

Oh so frosty between snowmen

SPORT

KEITH WHEATLEY

Winter sports? Maybe arctic warfare would be a better phrase.

Europe's ski-resorts are currently a battleground for a war between the generations. The piste is disputed territory between conventional skiers and the in-your-face young exponents of snowboarding, a craze that shows signs of becoming the main event.

On Saturday the British snowboarding championships begin in Tignes, a venue much favoured by the aficionados of the single plank. It probably makes the resort a must-to-avoid for anyone born prior to, say, 1970 and proud of their parallel turns. If you've been skiing recently you'll know about "riders", as they always call themselves. Snowboarding has its own vocabulary, as distinct as the social style that calls for spectacular leaps over cafe tables or lift queues, and baggy, "grunge" clothing.

Sleek traditional ski-clothes in pastel colours are anathema. Fashion clash is ona thing, but what really frightens and annoys traditional skiers is the speed, power and sheer out-of-control mass of a bulky young adult with poor manners and a fast board. "Some of them only know how to stop by crashing into a skier," growled one friend, just back from Switzerland. "The most frightening moment on the piste is when you hear a board behind you."

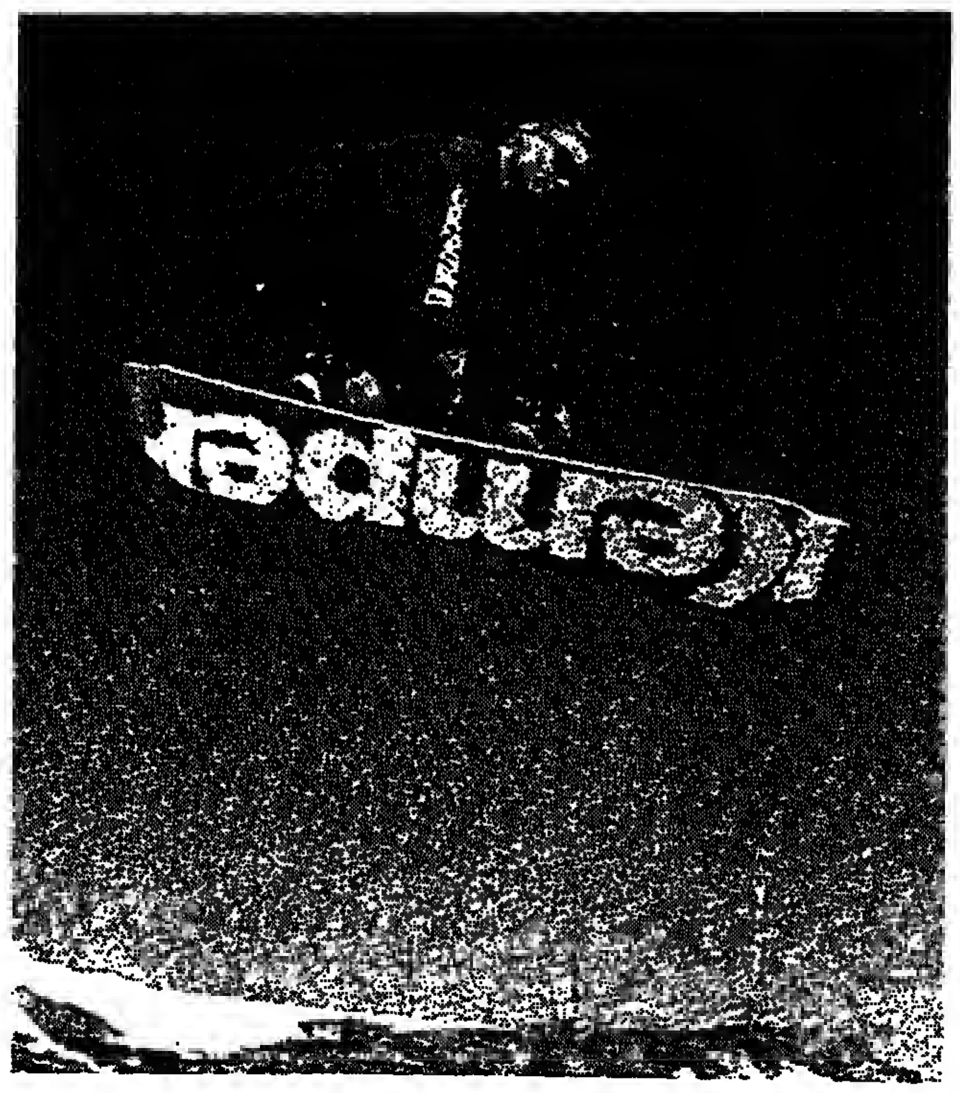
Like any tribal conflict, a proportion of this is mere drum-beating. However, Alpine doctors confirm that being hit by a runaway board can produce injuries far worse that in an encounter with a rogue skier. Ruptured spleens or livers are not unknown. Boards are heavy and are hard to stop without the "snowplough option" for beginners. A decade ago in Australia the number of swimmers suffering serious head injuries from runaway surfboards became so great that beaches were segregated. Some ski resorts are now following the same "separatist" line, with the slopes divided between skis and boards.

The Austrian station of Saalbach Hinterglemm has become the latest to follow the trend, by excluding skiers from 12km of its best piste. Safety is the ostensible reason but one detects an economic backdrop here. The plain fact is that skiing has gone ex-growth. Fewer people ski than a decade ago, whereas snowboarding is exploding with new participants.

Some observers say this downhill apartheid, pioneered by the French resort of Avoriaz, is unnecessary, formalising the split between the two disciplines and making it worse. Skis and boards have differing speeds and radius of turn, but with more co-operation then co-existence would be possible say the experts. Encounters that end in hospital are still mercifully rare.

Really it is a culture clash. Snowboarding grew out of surfing and skateboarding, both very much "street-sports" with a heavy fashion element, rather than the decorous middle-aged, middle-class world of the skier. Anyone who donbts the gap should catch an episode of Channel 4 television's show Board Stupid, devoted to the new sport. The ethos is more MTV on Snow than the BBC's conservative Ski Sunday. The two black presentera sported heavy dark glasses, dreadlocks and every other word is "bro". It was amazing that Janet Street Porter, high priestess of "Yoof TV" wasn't credited as producer.

The programme announced that Board Stupid was "gnarley" – board-speak for challenging – and "the coolest thing since winter was invented." The official equipment industry prediction that boarding could numerically ovartake skiing by the year 2000 was revelled in.



Adrian Landers

In-your-face on the piste: snowboards 'flash by looking like God and make skiers feel old'

Jake Burton Carpenter, the American who made the first boards in the mid-1980s and is now the world's top manufacturer recalled the days when he and his friends had to go clandestinely snow-boarding at midnight, aided by sympathetic drivers of snow-grooming machines. "It's going to be bigger than skiing inside five years," he said. You couldn't bring wooden racquets and long pants back to tennis, he added.

"The hostility comes because it's new and because it is so heavily a youth thing," explains Francis Body, manager at the London specialist retailer Snowboard Asylum. Dull brown outfits on the shop rails have names like Killer Jacket £135.99 and Viper Pants £127.49. "It makes them [skiers] feel old because they've spent years refining complex techniques and then someone on a board flashes by looking like God, after two just two weeks practise."

Body points out that a skier has four separate items to co-ordinate, in a very complex series of moves. "Snowboarding is easier to learn, faster to learn and the initial technique sees you right through from beginner to expert. Surely one of the drawbacks of skiing is that as soon as you've learned one kind of turn, your instructor tells you to forget it and takes you up to the next level of complexity."

Those friends who have actually tried snowboarding talk of a learning curve as steep as the *Valle Blanche*, the terror of entering a frictionless world running on ball-bearings, a universe of high-speed and no brakes. It doesn't sound like the death knell for Zermatt or Klosters but one should never forget that the British virtually invented modern downhill skiing and their appetite for uncomfortable holidays matched with rigorous self-improvement is unmatched.

To put it in personality terms one could imagine the Princess of Wales on a snowboard but never Prince Charles. And which one is the world-wide media icon?

ARTS

MILAN
Verdi may be synonymous with La Scala, but "Stiffelio" - his opera about a priest with an adulterous wife - has never been performed there. So the opening night of Elijah Moshinsky's production on Wednesday is an event of some significance. The production, first staged two years ago at London's Royal Opera, will be conducted by veteran Italian maestro Gianandrea Gavazzeni, with alternating casts including José Carreras (left) and Kallen Esperian.

DRESDEN
After 40 years of isolation under the Communists, Dresden is trying to re-establish its close association with the music of Richard Strauss, several of whose best-known operas were premiered there. A two-week Strauss festival opening on Saturday includes a new production of the rarely-staged "Friedenstag", plus repertory performances of "Salome", "Elektra", "Der Rosenkavalier", "Capriccio" and "Arabella".

PAYERNE
This town in French-speaking Switzerland has organised a major tribute to Le Corbusier to mark the 30th anniversary of his death. Born at nearby La Chaux-de-Fonds in 1887, Le Corbusier won international renown as an architect - but his oeuvre also embraced painting, sculpture, tapestry and poetry. The Musée de Payerne has assembled a wide-ranging selection, including privately-owned material never previously seen in public. The exhibition opens on Saturday.

VIENNA
This week and next, Simon Rattle and the City of Birmingham Symphony Orchestra take their "Towards the Millennium" programmes of 1940s music to Austria and Germany. The tour opens tomorrow with the first of three concerts in Vienna's Konzerthaus, followed by Linz, Munich, Nuremberg, Innsbruck and Bregenz. The programmes include Tippett's "A Child of Our Time" and symphonies by Vaughan Williams and Shostakovich.

VIENNA
Two major exhibitions open in Vienna this week. The Kunstforum has "New Objectivity in Austria", documenting the realistic movement in art in the 1920s and 1930s (right). It includes 100 oil paintings and opens on Saturday. The following day, the Kunstlerhaus unveils "Buddha in India", which aims to illustrate the development of early Indian art from 300 BC to the fifth century AD. The show will include various renderings of the Buddha, reflecting the art of different regions and the changing concepts of Buddhism.

LONDON
"Blue Ball", Paul Godfrey's new play exploring the compulsion that sends astronauts into space, is premiered at the Cottesloe Theatre from Thursday. Godfrey also directs the production, which stars Nigel Terry.

The troika behind Oscar winners

As Hollywood lines up to honour its players, **Nigel Andrews** talks to the gurus who teach acting to tyro stars

Tonight 20 people will bathe, dress up, anoint themselves, hire limousines and walk through flashlights: all to spend an evening fighting over four sticks of gold-painted metal.

The acting Oscars are the stuff of performers' dreams and the culminatioo of their careers. But in honouring two men and two women each year, Hollywood also honours the scarce-sung people who put them there in the first place.

Yes, acting is *taught*: even in Tinseltown. In the land of overnight fame, chance charisma and everything else that militates against notions of "skill", there are still people quoting Stanislavsky and asking pupils to be a tree. Indeed in a movie age with little time for pin-brained pin-ups – even Tom Cruise must strut his actorly stuff in *Born On The Fourth Of July* or *Interview With The Vampire* – Hollywood increasingly valnes its two or three top gurus.

One of these, Martin Landan, is in Oscar contention tonight: shortlisted for his performance as true-life horror star Bela Lugosi in Tim Burton's comedy about the movie world *Ed Wood*. (It opens in Britain next mooth.) Self-transformed into a mangy, glowing-eyed, flawlessly accented Hungarian, Landau should surely convert his Best Supporting Actor nomination into gold. (He won once before for Coppola's *Tucker*.)

Together with near-contemporary Jeff Corey and the younger Eric Morris, Landau forms part of a troika of modern Hollywood teaching.

Bright-eyed and bushy-bearded, Morris was Jack Nicholson's teacher when the actor broke into stardom with *Easy Rider*. He has taught top character actors like Harry Dean Stanton. Most proudly, he won Arnold Schwarzenegger his first and only acting award – a 1976 Golden Globe for Most Promising Newcomer in *Stay Hungry*.

Morris's method was to get Arnie to laugh, cry, talk about his childhood, dialogue with his imaginary parents, free up his psyche: all over an intense 12 weeks. "Arnold could play anything," says Morris today. "He could play King Lear." I look sceptical. "Oh yes! But he made a career choice. After *Conan The Barbarian*, when he had a lot of success with action-adventure, he decided he didn't want to go through the darkest part of the forest."

Removing inhibitions – "the damage caused by growing up in our society," he calls it – is Morris's Laingian agenda. He supports it with a frightening amount of documentation. "When I left Marty (Landau's) class I had three or four techniques. I now have 27. This pie-shaped thing here which says 'Being, Irreverence and Ultimate Consciousness'" – he opens one of his books at a giant diagram – "is the philosophical underpinning of my process."

Actor-teacher Martin Landan (left, with Johnny Depp) is himself shortlisted for an Oscar tonight for this performance as the true-life horror star Bela Lugosi in Tim Burton's comedy about the movie world, 'Ed Wood'

I watched him apply it with a class of young students. Up on the stage of Morris's tiny theatre school they laughed, wept and raged; they imitated birds, lions, monkeys; they gave primal screams which sent my tape-recorder's red lights soaring into hyperspace. An alert Morris sat at the side, prompting techniques. "Do a 'Vesuvius' (blowing your top). Do a 'Litany of woes' (counting your miseries). Do an 'Abandonment' . . ."

Morris vehemently denies that his system is psychotherapy by another name. "I've spent ten years fighting that stigma. No. It's simply like peeling an onion; you take away one layer at a time of lifeloog conditioning and habits that have blocked people from being expressively free."

Martin Landau agrees with the principle if not the procedure. "My method's less Biblical than Eric's. I don't believe in the psychoanalytic approach. It's not important 'Why', but 'How.'

"What you try to do is free the actor by pushing him into areas be shies away from. Some actors have great physical tension, so you work on getting the voice and body together as a unit. I inherit the Lee Strasberg idea of being 'sensorily alive;' of responding to the stimuli around you, even if they're imaginary."

For his own performance as Lugosi in *Ed Wood*, the "stimuli" were half forbidding, half exotic. "He was a morphine addict as well as an alcoholic for 20 years. In addition I had to play him with an accent and a different look. I couldn't walk like myself, gesture like myself, sound like myself."

He did what he tells his pupils to do. Broke himself down, physically and behaviourally, exposed himself to the "stimuli" (poring over old Lugosi films and recordings) and then re-built or re-tuned himself for the part. "An actor should be able to pick up any piece of material and work with it, the way a classical musician does. At film-scoring sessions musicians haven't seeo the music but in 20 minutes they're playing majestically."

Jeff Corey pre-dates Landan and Morris, having conducted his first classes in the early 1950s. "I converted my garage into a little theatre," says the gaunt teacher and character actor, who has graced several films as sinister tramp or Rasputin-like eccentric (*In Cold Blood*, *Little Big Man*). "There were Roger Corman and Jack Nicholson and Richard Chamberlain and James Coburn. Jimmy Dean sat in sometimes. And one day I wrote on the blackboard, right as it came into my head, the words, 'Teach people, not things.'"

Even more than Landau, Corey decries psychobabble. "I don't poke about with anybody's mind." Unlike both his fellow teachers – and an entire generation of Method-descended actors – he also demurs at "sense-memory": that technique by which actors use reference points in their own lives to summon up emotions for their characters. Corey once played King Lear on stage. "Lear has three daughters. I have three daughters, in my life. I didn't think of them, I thought of Regan, Goneril and Cordelia."

His "method" is to create a deeply-imagined subtext for every character: one that may run contrary to the surface meaning of the lines. A girl student had rehearsed e speech for him that morning from Shaw's *Saint Joan*. "I told her it was too damn noble. I got two big guys to force her to the floor and said, 'Now do it'." Wheo Kirk Douglas came to consult about *Spartacus*, Corey recalls: "He was playing the great leader with a lot of panache and I said, 'you're a slave from generations of slaves, what do you know about leading? You should be struggling to find a leader's voice and actions.' And he said, 'By God, you're right'".

He also helped Jane Fonda struggle with her Depression-era marathon dancer in *They Shoot Horses, Don't They?*. "She came to me feeling very down about the part. I had her describe the setting to me and she told me of this ballroom with its big glass ceiling, and she mentioned there were two panes of glass missing. I said, 'You've given up hope of people helping you. All through the film, don't look at people, don't focus on them, look *through* them. And once in a while look up and search for succour and aid from this faraway source beyond the broken glass.'" She did: she does. Look at the video today.

Perhaps memorable performances are the result of losing inhibition, of feeling free. Eric Morris recalls one of the most startling turning points of all in modern acting. One student he knew had spent over a decade giving indifferent performances in films with titles like *Cry Baby Killer* and *Back Door To Hell*.

"Jack Nicholson was going through a divorce, he was in my class, very depressed, and I said 'What's the matter, man?' He said, 'What's it all for, Eric? What are we killing ourselves for? What does it all mean?' I put my arm round him and said, 'Man, you've been in the business 15 years, you've gotta hang in there. One day you're gonna make it.'

"Well, he got the the role in *Easy Rider* on a fluke, because another actor (Rip Torn) wanted too much money. The director Dennis Hopper didn't even want Jack. He was on the point of giving acting up, and when he did the film I honestly don't think Jack gave a damn. He said, 'Screw this' – and he released his talent.

"After that he started to trust himself and to take risks; today he's one of the most courageous actors in cinema."

Thomas Hampson

Honeyed tone aplenty

As the fortunes of the other concert-halls in London wax and wane, the Wigmore Hall shines forth as ever, the strength of its programming undimmed. It must be the excellence of the acoustics that is in part the draw for the world's leading singers, as there are few venues of this size anywhere else that can claim such a stellar array of vocal recitals.

There is no question that Thomas Hampson is one of the great voices of today. At the end of his recital on Friday he noted his pleasure at being back at the Wigmore, though he of all singers has no need of the warm bloom with which its acoustics flatter lesser voices. He pours out honeyed tone as if it is some divine nectar on limitless supply from the gods. When more volume is required, the voice grows effortlessly larger; there is no strain or constriction, no sense that he might be pushing at all close to its limits.

Among baritooe recitalists active at the moment, Hampson's singing is the most plush. With Bryn Terfel from Wales and Boje Skovbus from Denmark coming up, not to mention the native German speakers like Andreas Schmidt and Wolfgang Holzmair, there is almost an over-supply of first-rate baritones among the younger generation. All, including Terfel and Skovhus, have a good command of German; all have expressive and beautiful voices.

What characterises Hampson is the luxury quality of his voice – at once his strength and his weakness. With almost any colour at his disposal, from a delicate head-voice to a proudly resonant forte, he simply selects whichever shada is appropriate to the mood of the music and applies it generously. The effect is akin to being driven by a chauffeur in a Rolls-Royce: a marvellously luxurious ride and no effort at all.

The more gritty tha songs, the more Hampson is likely to fall short. Both the Mahler song cycles that he included on Friday – the *Kindertotenlieder* and the *Lieder eines fahrenden Gesellen* – need more immediacy, a sense of gripping the song by the throat and shaking it to reveal its meaning. The very exaggerated accompaniments of Wolfram Rieger, at times bringing the music virtually to a halt, did not help. A selection of German settings by Grieg and Butterworth's Six Songs from *A Shropshire Lad* (a welcome gift from an American visitor) draw more on vocal beauty and were full of marvellous sounds. The pastoral tenderness of the Butterworth probably represented the best of the evening: has English song found a new champion?

Richard Fairman

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

GALLERIES
Stedelijk Tel: (020) 5732 911
● Alfa Romeo: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo cars from the early part of this century to the most recent models; to Apr 2
OPERA/BALLET
Het Muziektheater Tel: (020) 551 8922
● Schoenberg Trilogy: new productions of "Die Glückliche Hand", "Von Heute auf Morgen" and "Erwartung" and the first time these three one-act operas are playing in one performance. With David Wilson-Johnson, Isoldé Elchlepp and conductor Winfried Maczewski; 8pm; Mar 28

■ BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 34384-01
● Der Fliegende Holländer: by Wagner. Conducted by Heinrich Hollreiser, production by Gustav Rudolf Sellner; 7.30pm; Apr 2
● Lucia di Lammermoor: by Donizetti. Conducted by Marcello Viotti and produced by Filippo Sanjust; 7.30pm; Mar 29 (8pm)
● Martha oder Der Markt zu Richmond: by Friedrich von Flowtow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7pm; Mar 30 (7.30pm)
● The Girl of the Golden West: by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kalinina and George Fortuna; 7pm; Mar 31
Staatsoper unter den Linden Tel: (030) 200 4762
● Der Rosenkavalier: by Strauss. Nicolas Brieger directs this new production. The sets are designed by Raimund Bauer and Donald Runnicles conducts; 6.30pm; Mar 29

■ FRANKFURT

CONCERTS
Alte Oper Tel: (069) 1340 400
● Kirov Orchestra St. Petersburg: Valery Gergiev conducts Stravinsky and Tchaikovsky; 8pm; Mar 30
GALLERIES
Arte Giani Tel: (069) 97 58 37 88
● Le Corbusier: famous for his architecture, Le Corbusier also produced oil paintings, watercolours, drawings and graphics. This is an exhibition of 40 such works created between 1928 and 1964; to Mar 31

■ LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● Mahler Festival: Michael Tilson Thomas conducts the London Symphony Orchestra to play Schumann and Boulez; 7.30pm; Mar 29
● Royal Concertgebouw Orchestra: with pianist Maria Joao Pires. Riccardo Chailly conducts Beethoven and Strauss; 7.30pm; Mer 28
● Vienna Symphony Orchestra: with pianist Rudolf Buchbinder. Nikolaus Harnoncourt conducts Haydn, Mozart and Beethoven; 7.30pm; Mar 31
Royal Festival Hall Tel: (0171) 928 8800
● Royal Choral Society: with the English Chamber Orchestra and soloists Susan Gritton and Michael George. Richard Cooke conducts Saint-Saëns and Brahms; 7.30pm; Mar 28
● Royal Philharmonic Orchestra: with pianist Radu Lupu. Marek Janowski conducts Schumann, Beethoven and Brahms; 7.30pm; Mar 30
GALLERIES
Serpentine Tel: (0171) 402 0343
● Take Me (I'm Yours): a unique opportunity to touch, use, test, buy or take away the objects in this exhibition that has been selected by Swiss curator Hans Ulrich Obrist; to May 1
OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● Don Giovanni: e new production of Mozart's opera. House debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Mar 29, 31
● Madame Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 28, 30
Royal Opera House Tel: (0171) 304 4000
● Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 29, 31
● Siegfried: by Wagner. A new production directed by Richard Jones and conducted by Bernard Haitink; 5.30pm; Mar 27; Apr 1 (4pm)

■ LOS ANGELES

CONCERTS
Dorothy Chandler Pavilion
● Wigglesworth's Debut: with pianist Lars Vogt. Mark Wigglesworth conducts Beethoven'a "Piano Concerto No.2" and Shostakovich'a "Symphony No.7" on his debut performance with tha Los Angeles Philharmonic; 8pm; Mar 30, 31; Apr 1, 2 (2.30pm)

■ NEW YORK

CONCERTS
Avery Fisher Tel: (212) 875 5030
● New York Philharmonic: with soprano Sylvie McNair, baritone Hakan Hagegard and the Westminster Symphonic Choir. Kurt Masur conducts an evening of choral music by Brahms; 8pm; Mar 29, 30, 31; Apr 1
OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 30
● Pelléas et Mélisande: by Debussy. A new production by Jonathan Miller. Conducted by James Levina; 8pm; Mar 27; Apr 1
● Tosca: by Puccini; 8pm; Mar 29; Apr 1 (1.30pm)
New York City Opera Tel: (212) 307 4100
● La Traviata: by Verdi. A new production conducted by Yves Abel and directed by Renata Scotto. Soloists include Janice Hall/Oksana Krovytska and Stephen Mark Brown/Richard Drews; 8pm; Mar 28; Apr 1 (1.30pm)
● The Merry Widow: music by Lehár, English book adaptation by Robert Johanson. Conducted by Eric Stern, directed by Robert Johanson; 8pm; Apr 1, 2 (1.30pm)

■ PARIS

OPERA/BALLET
Châtelet Tel: (1) 40 28 28 40
● Peter Grimes: by Brittan. A new production by Adolf Dresen with Jeffrey Tate conducting the Philharmonia Orchestra; 7.30pm; Mar 28, 30; Apr 2 (5pm)
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël. Soloists include Gegam Grigorian and Gaetan Laperriere; 7.30pm; Mar 29, 31

■ VIENNA

CONCERTS
Gesellschaft der Musikfreunde Tel: (1) 505 1363
Weiner Symphoniker: Sir Georg Solti conducts Kodály, Bartók, Weiner, Berlioz and Beethoven; 3.30pm; Apr 1, 2 (11am)

■ WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● National Symphony Orchestra: with pianist Barbara Nissman. Barbara Yahr conducts Kernis, Prokofiev and Rachmaninov; 8.30pm; Mar 30, 31 (1.30pm); Apr 1
● Royal Concertgebouw Orchestra: with pianist Maria Joao Pires. Riccardo Chailly conducts Berg, Beethoven, Stravinsky and Prokofiev; 8.30pm; Mar 31
OPERA/BALLET
Washington Opera Tel: (202) 418 7800
● Carmen: by Bizet. A new production with Denyce Graves in the title role. Ann-Margret Pettersson directs s production by Lennart Mörk. Conductor Cal Stewart Kellogg. In French with English surtitles; 8pm; Mar 27 (7pm), 30; Apr 1 (7pm)
● Tiefland: by Eugen d'Albert. Roman Terleckyj directs a new production by designer Zack Brown. In German with English surtitles; 8pm; Mar 28, 31
THEATRE
Arena Stage, Fichandler Theater Tel: (202) 488 3300
● I em a Man: directed by Donald Douglas. Recreation of the Memphis garbage workers strike of 1968 and the civil rights movement; 8pm; to Apr 9
Kennedy Center Tel: (202) 467 4600
● The Art of the Samurai: a two-part programme that includes a demonstration of Samurai sword fighting and a performance of Akho-Gishi, a Japanese historical drama from the Edo period (1600-1868) directed by Takashi Ishiguro; 7pm; Mar 27, 28
Washington Shakespeare Company Tel: (703) 418 4808
● A Streetcar Named Desire: by Tennessee Williams. Christopher Henry directs; 8pm; to Apr 15

WORLD SERVICE
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV
(Central European Time)
MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 14.00 of European business and the financial markets

17.30
Financial Times Business Tonight

Midnight
Financial Times Business Tonight

Samuel Brittan

The future of the inflation target

The British inflation rate is not as low as it was a year ago when the recession was still exercising an influence and there was plenty of spare capacity. But it is still in the area of the government's inflation target. The task is more to keep it there than to get it down it much further.

These fairly optimistic facts are well disguised by a headline Retail Prices Index, which is boosted by including mortgage rate increases specifically imposed to keep inflation in check, and by indirect tax increases designed to put the public finances in order. The headline index, showing an increase of 3.4 per cent over a year ago, much exaggerates the acceleration.

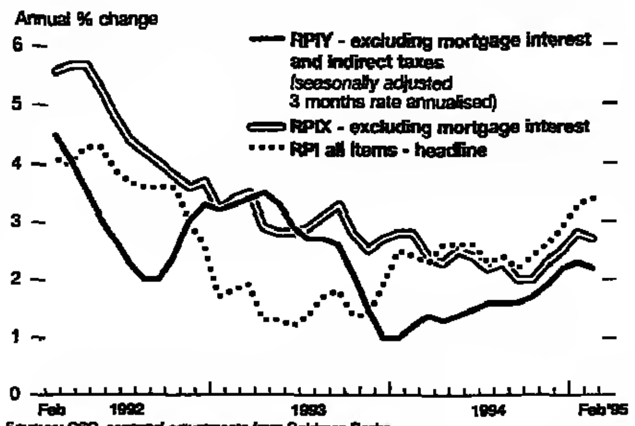
The Central Statistical Office has for some time been publishing *an* index of underlying inflation (RPIX) which excludes mortgage interest payments. It is in terms of this that the government inflation target is expressed. But a still better insight can be obtained by looking at RPIY, which also excludes indirect taxes. It was devised by the Bank of England, but the CSO has for the first time incorporated it into its RPI press release.

By itself the annual increase in RPIY somewhat flatters British inflation performance because (in common with all other variants of the RPI) it is not seasonally adjusted and comparisons have to be made with a year ago. I have therefore plotted in the attached chart a seasonally adjusted rate estimated by Goldman Sachs. This shows a three months annualised RPIY increase of 2.2 per cent.

As a further check, there is the Goldman Sachs own core rate which, on a similar basis, shows an inflation rate of 2.8 per cent. Averaging these out, the inflation rate comes out at about 2½ per cent, that is at the mid point of the government's 1 to 4 per cent range.

A *less favourable impression* is given by producer prices

UK retail prices: headline and underlying



Sources: CSO, seasonal adjustments from Goldman Sachs

which, on a seasonally adjusted basis, have been rising by 5 per cent per annum, reflecting higher world prices of components and materials. But the producer index is heavily biased towards manufacturing. If policy changes were to be triggered more by actual inflation, and less by forecasts, it will be best to stick to underlying consumer price inflation. Sterling can then come in directly as an independent input into interest rate decisions.

Meanwhile, the government is studying how to update its 1 to 4 per cent inflation target. Originally Mr Kenneth Clarke, the chancellor, had in mind a new target for the next parliament. But there is a growing feeling that he cannot wait that long and a new target might be announced as early as the Mansion House speech this year.

The problem arises because the previous chancellor, Mr Norman Lamont announced, and Mr Clarke reaffirmed, the objective of getting to the bottom half of the range, that is 1 to 2½ per by the end of the present parliament. This had the side effect of narrowing the effective band unrealistically. The question is how to widen the effective band without giving the impression that the government would settle for 4 per cent inflation. The odds at the moment favour the least imaginative solution, which is reinstating *a wider* band but lowering it a notch to, say, 0 per cent to 3 per cent.

A much better procedure would be to announce a definite target. The obvious one would be 2 per cent. This has the advantage of being somewhere near to the rate now obtaining, although providing a little room for improvement. A 2 per cent rate also represents the maximum amount by which *inflation might* be exaggerated on account of the difficulty that statisticians have in taking account of quality improvements.

If he came out with a single figure, the chancellor would have to explain that there was no chance of achieving it year in, year out, and that some tolerance would be required on either side. The important point is that 2 per cent should be taken seriously and that if the actual rate drifted up to say 3 or 4 per cent it would be an objective to bring it back as soon as possible.

Should further adjustments be made to take into account output and the business cycle? The nominal GDP objective, which I am glad Labour is considering, is a much more stringent anti-inflationary straitjacket than many on the left realise. Moreover any move to nominal GDP or any of its variants should be presented as a refinement of the inflation target. There have been so many bewildering shifts between one kind of target and another that a measure of continuity is *important if credibility is* to be gained and retained.

US thrifts face further trouble after resolving the $150bn fiasco of the 1980s, says **Richard Waters**

Saved – for the time being

The sale of the remaining branches of a defunct savings and loans institution in Newark, New Jersey this month should have marked the end of one of the biggest financial fiascos in US history.

Disposing of the branches by auction accounted for the last of the 745 failed S&Ls, the collapse of which in the late 1980s and early 1990s is estimated to have cost US taxpayers $150bn.

The Resolution Trust Corporation, set up by Congress to clean up the mess, finishes its allotted lifespan at the end of this year. As 1996 dawns, the S&L crisis will be history.

Until the next crisis, that is. The US's savings and loans – institutions which, like UK building societies, generally take retail deposits and lend against residential mortgages – face a difficult future. Unless Congress acts to prevent it, *another crisis could already be* brewing. And even if the worst predictions prove unfounded, the S&Ls – also known as "thrifts" – are likely to face a steady decline.

It was a failure to change that undermined the industry in the early 1980s, in part because successive US administrations had chosen to use the S&Ls as an instrument of housing policy, restricting their ability to expand into new markets. Disaster came in two stages.

First, the jump in US short-term interest rates from 1979 to 1982 revealed the thrifts' unmanageable exposure to the relationship between short-term and long-term rates. With their blend of short-term deposits and long-term, fixed-rate loans, they were thrown into loss. Second, in a belated and misconceived attempt to repair the damage, Congress enacted sweeping deregulation, paving the way for a wave of risky commercial property investments by the S&Ls and outright fraud.

The thrifts that survived have gone back to basics. Between 1989 and the end of last year, home lending rose from 61 per cent to 70 per cent of their assets. But the sins of the past, and the industry's own much-reduced circumstances, are again combining to undermine S&L business.

Part of the problem stems from the last clean-up. The thrifts that remain (healthy, well-managed ones that were not responsible for the mess) have been left to service $8bn of bonds issued in 1987 as part of *an early, botched* bail-out attempt for their less successful competitors. That alone will cost them $780m a year for the next 24 years.

Also, they have to rebuild a deposit insurance fund which just two years ago had no assets at all (as with banks, the first $100,000 of a thrift depositor's money is guaranteed by a federally backed insurance fund which is financed by levies on the industry).

According to the US General Accounting Office, the cost of servicing the bonds and recapitalising the insurance fund amounts to around $14bn, in current dollars. That is equivalent to a quarter of the equity base of the country's 1,500 remaining S&Ls.

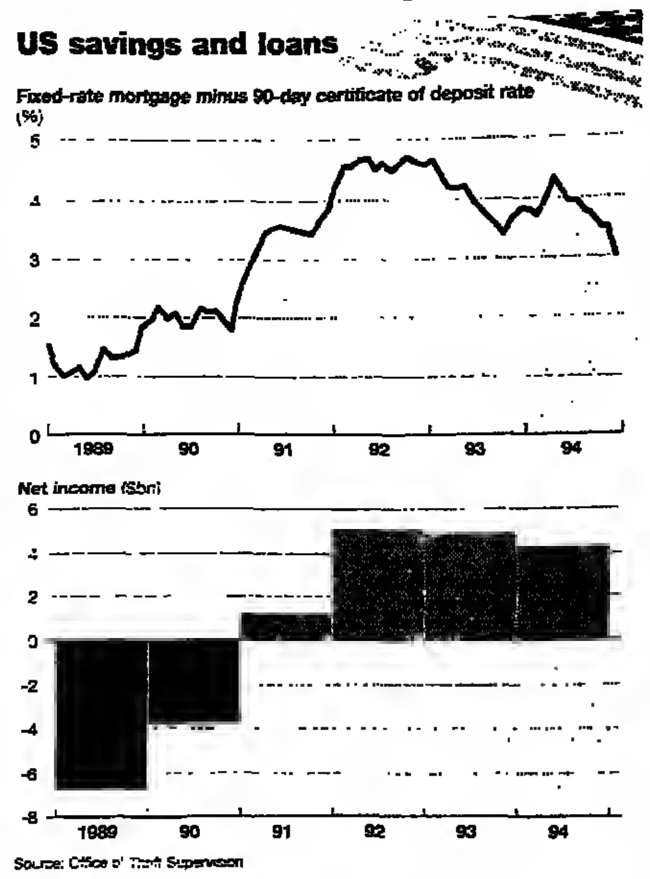
To look at it another way, thrifts last year made after-tax profits between them of $4.3bn. The cost of servicing the bonds and paying insurance premiums (before tax) was $1.8bn.

This large liability is being borne by a shrinking industry. When Congress cooked up its S&L bail-out in 1989, it expected the deposit base of the S&Ls to grow by about 7 per cent a year. In the event, it shrank: deposits last year totalled just $710bn, a quarter less than at the end of 1989.

The screw is about to be tightened. On present projections, it will take thrifts another seven years to complete the recapitalisation of their deposit insurance fund. The banking industry, on the other hand, will have rebuilt its own insurance fund by the middle of this year. The insurance premiums paid by banks will drop sharply, saving them some $5bn a year in premiums and enabling them to compete more aggressively for deposits.

The difference could be big enough to make people cross the street to put their money in a bank rather than an S&L. Banks' insurance premiums will drop, on average, from 24 basis points (or 0.24 percentage points) of their deposits to 4 basis points. Thrifts will still pay 24 basis points – and even after their insurance fund is recapitalised, the servicing of the long-term bonds will continue to cost them 11 basis points a year.

US savings and loans



Source: Office of Thrift Supervision

Some of the country's biggest thrifts may have found a way to wriggle out of this tight corner. They cannot escape simply by giving up their thrift charters and turning themselves into banks. However, six

Even if the worst predictions prove unfounded, the S&Ls are likely to face steady decline

institutions – including the two biggest, Ahmanson and Great Western – have this month applied for licences to set up banking subsidiaries. They then plan to encourage thrift customers to shift their deposits across, into these new, *lower-cost units.*

By threatening a sudden erosion of thrift deposits – and with it, the likelihood of a default on the $8bn of bonds – these thrifts have injected an added urgency to the debate brewing in Washington. The bank applications may just be a bluff – they would lose some tax advantages, for instance – but can Congress afford to wait and see?

The S&Ls hope to persuade either banks or taxpayers to come to their rescue. "Someone is going to have to come up with the money. There is no way around that central fact, as painful as it may be," says Ms Ricki Tigert Helfer, head of the Federal Deposit Insurance Corporation, which manages both the thrift and bank insurance funds.

Paying up to $14bn for what will be seen as another thrift bail-out will not play well with Congress – *particularly* given the political heat generated by the US contribution of $20bn to the latest bail-out for Mexico. Most solutions being touted involve splitting *the costs* in some way between taxpayers, thrifts and banks.

Even if a solution is found to the costs of insurance and of *servicing the* bonds, the future for thrifts is clouded. The problem is competitiveness. As an industry, S&Ls made a return on assets last year of 56 basis *points* – less than half the 115 basis points of commercial banks.

That reflects in part the lower risks (and therefore *lower returns*) associated with residential mortgages, as well as the fact that a disproportionate amount of thrift lending – about a quarter – is in California, which only last year moved out of recession. However, the low profitability also reflects lingering interest rate exposures and a failure to cut costs in a mortgage business which has changed out of all recognition since the beginning of the 1980s.

Despite the growth of variable-rate mortgages, thrifts continue to rely largely on short-term deposits to fund long-tarm, fixed-rate mortgages. Since 1992, the US yield curve has flattened, *eating into* the industry's profits.

Nor do American use thrifts as much as they used to for buying or building homes. In the two decades after the second world war, the assets of the thrifts grew at a rate of 15 per cent a year, three times as fast as those of the banks. But many of the next generation, *the* "baby-*boomers*" *of* the 1960s, used banks or other lenders – insurers such as Prudential, or specialists such as Countrywide Credit, the US's biggest mortgage lender – which muscled their way on to the thrifts' turf, in part by finding cheaper ways to reach customers. Many of these loans were repackaged as securities and, stamped with the guarantee of Fannie Mae, a federally backed agency, pumped on to the capital markets. In the past 15 years, the market for mortgage-backed bonds has *grown from $25bn* to $1,600bn.

The creation of alternative low-cost sales outlets and high-tech capital markets does not necessarily spell the death of the 164-year-old thrift movement. There will always be a place for institutions which can show a friendly face to local depositors. But their already diminished place in the *financial system* could shrink much further.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Cultural waste on French TV

From Mr E.J. Hartley.

Sir, While your split photograph of Messrs Gerard Depardieu and Arnold Schwarzenegger ("France defends cinematic legacy", March 22) may have crudely illustrated the supposed cultural divide between the European and American film industries, it can hardly be applied to their television industries (which the 1990 directive covers).

French television is awash with crass and formulaic sitcoms which surely not even the most rabid anglophobe could claim bear any relevance to French (let alone "European") culture.

Depending on your definition of culture, would it not be more constructive to promote quality programming (irrespective of its origin) over cheap and shallow "comedy"?

Or would Europe's TV channels consider such a challenge to be "impracticable".

Eric J Hartley,
32, rue J Hansen,
L-1716 Luxembourg

Right choice of world's bosses

From Mr Paolo Galli.

Sir, I could not agree more with your editorial "Choosing the world's bosses" (March 23). There is a need to find more effective – and less divisive – ways to appoint the leaders of the multilateral organisations that shape the destiny of our mutual relations.

As the dust settles on the World Trade Organisation leadership I hope it will be possible to place the issues in their proper perspective. It has been a messy campaign indeed, where the merits of the respective candidates have played second fiddle to claims of their being the champions of adversarial regional interests.

Perhaps the time has come to say that in choosing Mr Renato Ruggiero the WTO has simply opted for the best man, the one with the highest political skills and technical expertise. *This has nothing to do with his* regional background or national identity and all to do with his outstanding personal qualities and professional experience.

Realising this fact would greatly contribute to setting the WTO on the right foot from the very outset.

Paolo Galli,
Italian Ambassador,
Italian Embassy,
4 Grosvenor Square,
London W1, UK

Skills supply will match growth

From Mr John Redwood, MP.

Sir, There are two points I would make about the concern recently expressed in your paper about the supply of manufacturing skills in Wales ("Panasonic desperate for better recruits in Wales", March 17).

First, the issue must be kept in proportion. The 1994 Welsh Employers Survey found that about 5 per cent of manufacturing establishments in Wales had vacancies that were hard to fill due to a lack of skilled applicants.

Second, I have for some time been giving top priority to addressing the issue. As a result, Wales is well in the lead in terms of the number of young people entering modern apprenticeships in manufacturing engineering.

We are investing heavily in the latest engineering equipment for our further education colleges, and I have given Training and Enterprise Councils a clear remit to help employers work with schools to encourage talented young people – girls as well as boys – to make their careers in manufacturing.

The strategy I published last week, *People in prosperity – an agenda for action in Wales*, sets out a concerted action plan for manufacturing skills ("Skills upgrading planned for Wales", March 21).

Your readers can be assured that the supply of skills will keep pace with the continued growth of manufacturing in Wales.

John Redwood,
secretary of state for Wales,
Welsh Office,
Gwydyr House,
Whitehall,
London SW1A 2ER, UK

Criticism based on setting up a straw man to knock down

From Mr Will Hutton.

Sir, It is no surprise that Martin Taylor should rush to the defence of the British financial system in his review of my book, *The State We're In* ("Search for a new economic orthodoxy", March 16), but in doing so he sets up a straw man to knock down. The actual criticisms I make and the advocacy of the merits of an "insider" rather than "outsider" financial system deserve a more considered response.

Of course volatile inflation has contributed to investment institutions and companies alike valuing high immediate cashflow – which the book accepts (pages 164-5). My argument is rather that, even with a low and stable inflation rate, the City will still demand higher real returns ovar a shorter period than other industrialised countries' financial systems – as it has done most of this century.

Whether investing institutions have long-term liabilities or not, shares in the UK are not seen as tokens of committed relationships. Rather they are regarded as tradeable assets entitling the owner to an income stream that had better rise over time – otherwise they will be sold. The impact is to raise required rates of return as companies try to lock in uncommitted shareholders they faar might provoke tha sanction of takeover. The "tendentious" statistics that show how high target rates of return have become are tendentious only to those who find the results unpalatable.

It is true that some voices in Germany urge more use of equity capital, but they do not want to create a British-style takeover market or the high-margin, short-term commercial banking practised by our clearing banks, which they see as an important source of German competitive advantage. Indeed, a majority regard the short-termism of British finance as a part of what the Germans call "Manchester liberalism", that Martin Taylor himself recognises has gone to far.

The "shocking naivety" is *not* my description of Germany, but Martin Taylor's apparent view that while British capitalism has gone too far in rejecting social values the financial system has played no part in this development nor should play any part in changing it. This won't wash – and beyond the City it doesn't.

Will Hutton,
assistant editor, The Guardian,
119 Farringdon Road,
London EC1R 3ER, UK

Not for the Feelgood Index

From Mr W. Stanners.

Sir, Here are three things which must *not* feature in the new Feelgood Index (Letters, March 21 and 23).

Steady growth of gross domestic product.

Falling unemployment.

A low, or even negative, inflation rate.

These figured strongly in the 1930s, the most feelbad decade of the century.

W. Stanners,
49b Fen End,
Over, Cambridge CB4 5NE, UK

Mozart forever youthful

From Ms Margaret Wilkinson.

Sir, On the subject of Antony Thorncroft's comment about "the youthful Mozart's *La Clemenza di Tito*" ("New season at Glyndebourne", March 11), and the correction from Mr Daniel Salem (Letters, March 17) to the effect that it was Mozart's last opera, written only a few months before his death: Mozart was youthful until he died, aged 35.

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Cool air at Berlin summit

Antarctica is cracking up. Insurers say they may no longer take on storm and tempest risk. These are potent omens for the summit on climate change which gets under way in Berlin tomorrow. But the likelihood that the 120 participating countries will agree on a new plan of action to deal with global warming is small. Does this matter?

The difficulty with the global warming problem is twofold. Although the scientific evidence shows clearly that man-caused carbon dioxide is clogging up the atmosphere, there is still enough uncertainty over the effect of this on the world climate to leave room for the doubters. The icebergs which are breaking off the polar ice cap may only be following some deep cyclical pattern which has been going on for millions of years. Even the meteorological experts who are advising tha summit admit to uncertainty as to the impact. This has forced many of those who advocate action to fall back on the precautionary principle which says that measures should be taken anyway, because energy saving is good in its own right.

The other difficulty is that even if the world does face a real threat, it is in no mood to take concerted action. At the 1992 Rio Earth Summit, the industrialised countries only agreed with some difficulty to try and reduce carbon emissions to 1990 levels by the year 2000. Some, including the UK, will probably succeed. But many others will not. Several initiatives to impose energy taxes in the EU and the US have foundered on political sensitivities and fears that they may reduce international competitiveness, and there are no fresh ones on the table.

The Berlin gathering therefore faces the hurdles of scepticism and lack of political will. Participants will be challenged to keep the Rio commitments going and extend them into the next century by setting new targets. Mr John Gummer, the UK environment secretary, has suggested a cut of 5-10 per cent from 1990 levels. But few other industrial countries have shown much enthusiasm. And newly industrialising countries such as India and China, which committed themselves to no targets, are increasing their emissions by large amounts.

It would be disappointing, but not disastrous if Berlin ends without agreement. Of the many environmental threats facing the world, global warming must rank among the more credible, if only because the increase in carbon dioxide levels is a clear scientific fact which is worrying. But it is not an urgent threat, and certainly not one that could overwhelm the human race's well-demonstrated ability to adapt to a changing environment.

While it would be encouraging to see such a large number of governments agree on the existence of a problem, it would be equally disturbing if costly measures on a global scale were adopted to combat a threat where the margin of uncertainty is still so large.

Blair mania

Some time before the next general election, British voters will take off their rose-tinted spectacles. The Labour party's policies will be subject to the critical and detailed examination which they have so far avoided. The sooner that happens the better, both for the country and, ironically, for the party leader, Mr Tony Blair.

The recent bout of what can only be described as Blair mania has done a disservice to the electorate. The Labour leader has rightly been praised for his determination to rid his party of the collectivist sentiments expressed in Clause 4 of its constitution. His alternative text is a perfectly respectable statement of aocial democratic principles. His belief that the policies which he presents at the election must be grounded in a clear set of principles is also right.

However, the applause which has greeted some of Mr Blair's recent statements belies their prosaic content. Thoughts which may be revelational, even shocking, to the left wing of his own party are not quite as novel to a wider audience. Many of the points heralded as innovative symbols of New Labour have long been self-evident truths for most voters.

A case in point is his recent Spectator lecture. Mr Blair stressed that citizens in a civil society have duties as well as rights. Taking as examples, he said that parents who refused to prevent their children absconding from school should be punished, if necessary, in the courts. Noisy neighbours should also be compelled to respect the rights of those affected by their anti-social behaviour. These sentiments were greeted by some as evidence of a dramatic pitch to win over the middle classes. In fact, Mr Blair did no more than describe the normal standards of behaviour which should apply across society.

Tone and emphasis do count in politics. Rhetoric can carry a deeper message about subsequent policies. But principles and symbolic commitments are no longer enough. To return to Mr Blair's own examples: strong words on truancy are no substitute for a coherent schools' policy, and the promise of tough action against anti-social neighbours will not solve the problems of Britain's decaying council estates.

There are other gaps. Labour condemns the health service reforms but offers no credible alternative. Mr Blair promises a referendum on electoral reform, but sidesteps questions about the terms on which such a vote would be held. The party says it is committed to the market economy, but has yet to sketch the outline of its macro-economic strategy.

Mr Blair's answer to such criticisms is that Labour will set out its policies in good time for an election in 1997. That is no reason for others to be satisfied with such a leisurely pace. The voters are entitled to time to analyse the detail. Labour also would profit from the thorough testing of its policies; and, as Mr Blair himself has emphasised, it is possible that the election could come sooner rather than later.

Bank job vacant

Last week's upset is this week's job opening. The abrupt departure from office of Mr Rupert Pennant-Rea, deputy governor of the Bank of England, leaves the government the task of finding a replacement.

There is no shortage of candidates, both inside and outsida the Bank. In choosing between them, Mr John Major and his advisers must think clearly about what the job really requires.

First, though, they must resist the temptation to play safe. Mr Eddie George, the Bank's governor, was scarcely consulted over the choice of Mr Pennant-Rea. This time, he can reasonably claim an influential voice in the decision. It would be a mistake, however, to settle for an inside candidate on the grounds of loyalty or predictability.

Mr George is himself a life-long employee of the Bank, and can provide all the institutional continuity it needs. As an outsider, Mr Pennant-Rea brought a fresh and reforming mind to the Bank's internal structure and operations. And, although there are many talented people inside the Bank, its long-term performance as monetary policy adviser and bank supervisor in recent decades has not been good enough to entitle its staff to a monopoly of the top jobs. To avoid any risk of a slide back into inertia, the deputy governor should again come from outside, from the private sector or from elsewhere in public service.

What qualities should he or she possess? A commitment to eliminating inflation is essential, together with the firmness of character to cope with the harsh choices that such an approach requires. The lead on this issue will be taken by Mr George, of course. His deputy must therefore possess complementary characteristics, especially managerial skill and administrative patience.

Deputy governors have needed these qualities at least for the last century. The Bank's present duties, and the world in which it operates, make other strengths necessary too. Bank supervision is a clear area of difficulty. Three crises – at Johnson Matthey Bankers, at Bank of Credit and Commerce International, and at Barings – hava all raised question marks over the Bank's performance. The new deputy governor should be able to make a significant contribution to the Bank's supervisory activities.

A good candidate should also have detailed knowledge of the derivatives markets – a theoretical grasp of the new techniques for analysing, segmenting and trading risk as well as practical experience of how financial institutions are applying them.

Counter-inflationary commitment, managerial skills, contribution to bank supervision, grasp of derivatives: it is a lot to ask. But running the central bank in an inflation-prone economy that also houses the world's most active international financial centre is no easy task. Mr George deserves the best possible deputy. The prime minister should make sure that is what he gets.

Fancy footwork to ward off blows

Norma Cohen on the competitive and regulatory pressures on London's Stock Exchange

Less than nine years after old practices were swept away in the "Big Bang", London's Stock Exchange is being forced to make more changes. On one side, it is under assault from regulators who argue that its rules give it unfair advantages over competitors.

On the other, operators of low-cost competitive trading systems are attacking parts of the exchange's business and challenging its exclusive franchise in share trading in the UK.

With regulators and competitors snapping at its heels, the Stock Exchange is being forced to introduce changes in its rulebook to satisfy its diverse users. That process is being made more difficult by having to coovince members that the changes which will eliminate some of their privileges are necessary.

At Big Bang the exchange bowed to pressure from the Office of Fair Trading and opened membership to foreign banks and investment houses. Now there is renewed interest in the exchange's practices from the regulators. Sir Bryan Carsberg, director-general of fair trading, last week issued a report concluding that marketmakers – businesses that commit their own capital to buy and sell large blocks of shares in all market conditions – enjoy "significantly anti-competitive" advantages.

An earlier report from the OFT criticised Stock Exchange rules which allow marketmakers to delay reporting the prices at which they have dealt in shares for up to five days. The report said the practice gave them an unfair advantage over non-marketmakers and investors by hiding the true price of shares from public view.

Meanwhile, the Securities and Investments Board has raised similar questions about the equity markets, suggesting that London risks losing its status as the centre for international share trading unless the rules are changed. Privately, the Treasury has expressed similar reservations.

Mr Michael Lawrence, the exchange's chief executive, insists that there is already intense competition for share trading in London, and it is not up to regulators to determine how shares should be traded.

He says: "I believe the market should determine its own structure and it should not be determined by regulators." However, he concedes that "there may have been a false perception that the exchange was constraining activity".

Pressure for change comes partly from technological innovation, says Mr Ruben Lee, director of the Oxford Finance Group, a consultancy. "It's making the costs of creating a trading system very cheap," he says. "It's allowing a multiplicity of trading systems to come into effect to meet the needs of different kinds of investors."

One of those seeking to enter the London market is TradePoint, a new electronic share trading system that would compete with the exchange for orders from investors and intermediaries. It would allow trading on an "order-driven" basis – where the orders of buyers and sellers are matched via a screen – rather than the exchange's "quote-driven" system, where those who wish to buy and sell must complete the deal through marketmakers.

Late last week, SIB met to consider the TradePoint application for designation as a recognised investment exchange. It is likely to be approved by late this spring, in spite of vociferous opposition from marketmakers.

Institutional investors have quietly chafed for years at the absence of such a facility, particularly for smaller and less liquid shares. But the marketmakers fear it will allow competitors to offer better prices and undermine the profitability of marketmaking.

US and Swiss investment banks have also been pressing for changes. They want a system in London more like those in their home markets and to which their skills and information technology systems are better suited.

TradePoint is not the only potential competitor. Instinet, an exchange member, is keen to describe itself as a competitor to brokers, but is widely seen as a potential competitor for the exchange itself. It already offers an electronic bulletin board for those who wish to deal in shares and has asked the exchange to relax its rule that best prices be posted on Seaq, the exchange's electronic bulletin board, so that better prices can be displayed on its own screens.

The exchange's competitors argue that these new share dealing systems reflect commercial demand for different types of services.

Mr Doug Atkin, chief executive at Instinet International, says: "The London Stock Exchange structure best serves large, active fund managers." Big institutions say they value the liquidity that marketmaking offers.

But these are not necessarily the needs of the foreign investment institutions – mostly from the US – that have flooded into London in recent years. They now own about 19 per cent of the exchange's market capitalisation, according to government statistics, and are the fastest growing category of shareholder.

Many of the US fund managers, in particular, use "passive" index-matching investment strategies that aim to mimic the performance of a stock index. Such managers "in most cases don't need immediacy and only care about low transaction costs," says Mr Atkin.

"The growth in share buying is not coming from the UK pension funds," says one Stock Exchange board member. "It is coming from US and European pension funds. If we are not capable of catering for them . . . then the future of the exchange is in doubt."

Competition is also increasing in the trading of international shares in continental European, US and Japanese companies. The exchange's Seaq International electronic bulletin board has been spectacularly successful in winning significant amounts of business for UK marketmakers from other European exchanges such as Paris and Frankfurt. The European bourses are fighting back, however.

Competition from London has led continental exchanges to overhaul their electronic dealing systems to allow large batches of shares to change hands quickly. Mr Lee of the Oxford Finance Group says: "Paris, Frankfurt and Amsterdam have all got their act together."

In addition to competition in share trading, the London exchange faces challenges to its effective monopoly as the sole listing body in the UK. A group of venture capitalists, stockbrokers and the US-based Nasdaq stock market have plans to launch Easdaq, a pan-European exchange for trading the shares of small companies.

Mr Lawrence argues that the exchange is ready to face these changes. Earlier this year, for example, it launched its plans for the Alternative Investment Market for small company shares as part of efforts to fight off the challenge from Easdaq. Earlier proposals to create a market for small and innovative companies have been rejected by venture capitalists and small companies as inadequate. But the proposals for the alternativa market have met with widespread approval for their flexibility and regulatory provisions.

More importantly, the exchange has decided to include an order-matching capacity in Sequence, the new trading system which is due to replace Seaq next year. Mr Lawrence says Sequence will be the cheapest and most efficient share-trading system in the world, ensuring that London retains its position as a leading share marketplace.

There remains doubt, however, over whether the exchange can move fast enough to fend off the competition – especially as the changes will weaken the position of marketmakers, its largest and most powerful members. They resisted the creation of an order-matching system, but it is widely believed that the threat of TradePoint encouraged their change of heart.

"Wa are reacting to market forces," says Mr Lawrence. "An exchange is a commercial operation." If the Stock Exchange does not offer what its users want at an affordable price, then the capital will go elsewhere.

Mr Lawrence concedes that some members "may not like the market forces, but you have to move with the times". London's position as a share-trading centre may depend on his ability to persuade his members of the need to change quickly enough to remain one step ahead of nimble competitors.

Republican revolutionaries still on top

MICHAEL PROWSE on AMERICA

Every few weeks partisan Democrats declare that Newt Gingrich's legislative agenda – the "Contract with America" – is dead. They did so after the Senate narrowly defeated the balanced budget amendment. They were tempted to do so again last week simply because opponents of proposed welfare reforms, aided by the Catholic church, worked themselves into a lather of self-righteous indignation.

Look behind the rhetoric, however, and you will see that the contract marches on. Mr Gingrich and his fellow Republican revolutionaries are still setting the political agenda in Washington. President Bill Clinton promised to "end welfare as we know it" but after two years had not persuaded either house of a Democrat-controlled Congress to vote on his reforms.

In a matter of weeks Mr Gingrich has made far more progress. On Friday the house passed the most sweeping reform of welfare in 60 years. The Gingrich bill ends the status of welfare as an "entitlement", sets a five-year limit on receipts of cash benefits and devolves unprecedented powers to the states. It was widely applauded by state governors.

The house bill will undoubtedly be amended. But the bottom line is that the US now looks certain to enact tough legislation aimed at ending a "culture of dependency". And the politician who will rightly claim most of the credit for this is Mr Gingrich, not Mr Clinton.

The victory on welfare is not the only sign that the Republican revolution lives on. The Senate last week made amends for rejecting the balanced budget amendment by passing another central element of the Gingrich contract: the so-called "line item veto" which will give Mr Clinton the power to delete individual items in spending bills.

That Congress is taking this historic step to limit members' ability to pad legislation with pork-barrel spending is a testament to the change in attitudes brought about by Mr Gingrich's elevation. It is, by any standards, remarkable that Republicans have voted to increase the powers of a Democratic president. Perhaps principles do have a place in politics.

Yet Gingrich and Co are having to weather a storm of vicious criticism. Catholic bishops denounced their plans to end cash welfare for teenage mothers, predicting that it would lead to more abortions. Democrats portrayed Republicans as heartless monsters for proposing cuts in federal subsidies for school lunches and deployed predictable "class warfare" tactics to discredit planned tax reductions.

The only statistic that ever matters for Democrats is the proportion of relief likely to be received by the "rich", now defined as anybody with an annual income of $100,000 or more (a category that last year included many skilled car workers). They succeeded in unsettling many conservatives: more than 100 of Mr Gingrich's Republican troops rebelled last week, demanding that tax relief be better targeted on middle-income families.

The reaction to the Republican contract is all too predictable. Whenever politicians have the temerity to propose even marginal restraints on the growth of public spending, opponents play the "fairness" card. It was largely because critics succeeded in depicting Ronald Reagan and Margaret Thatcher as mean and uncaring that neither could deliver on promises to "roll back the state". Mr Gingrich is now running into the same headwind.

He has made mistakes. The tax cuts were poorly designed and impossible to defend when the main goal is a balanced budget. It is also true that the spending "cuts" (Washington parlance for smaller than previously planned increases) fall disproportionately on low-income Americans. But whose fault is this? Democrats have done everything possibla to create a climate in which Republicans dare not trim the big "entitlement" programmes that benefit middle-income and affluent Americans.

Mr Clinton, for example, curried political favour by spinelessly putting entitlements off-limits in this year's budget. And congressional Democrats have shamelessly fanned fears that Republicans might raid Social Security pensions (this was how they defeated the balanced budget amendment).

The claim that anyone who wants to shrink federal government is heartless is so ludicrous that it should not need refuting. There is no reason why Washington should be responsible for school lunches or for the detail of welfare policy. If individual states favour bigger lunch subsidies they are free to provide them – at their own taxpayers' expense.

Claims that Republican reforms are anti-children are equally misplaced. Ending cash benefits for teenage mothers does not mean ending assistance; it means bringing them into group homes where they and their children can be supervised. More generally, the only way to prevent future generations languishing on welfare is to alter the incentives facing today's teenagers, harsh though this may seem.

Will Mr Gingrich be felled by the "fairness" argument? His poll ratings are falling. He certainly would not survive in Europe. But Americans – especially those in populous southern and western regions – are deeply ambivalent about government. When the dust settles I suspect most will conclude that house Republicans are moving in broadly the right direction. By sticking with the contract, they are at least doing what they said they would do. For the only judgment that counts, we must await next year's general election.

OBSERVER

Warner's bloods

■ Douglas Warner has moved quickly to place his imprint on JP Morgan. First came the axing of more than 1,500 jobs in the coming months, a most un-Morganlike move.

Now "Sandy" Warner, who took over at the top from Sir Dennis Weatherstone late last year, has shaken up the senior ranks. Most noteworthy is a move to shift power from New York to other parts of the globe. That reverses the centralisation underway lor at least the past five years.

Equally interesting, though, is the message it sends about who will fill Morgan's senior management chairs in the future. Warner has not appointed a new number two, and – as he promised – has done away with a level of executives just below the top. That leaves a wide group of people reporting directly to him.

Thus a triumvirate of older Morgan bankers – Thomas Ketchum, Walter Gubert and Peter Woicke – has been given a broad remit to build Morgan's business around the world. But intriguingly, a new group of younger bankers has been given greater leeway – and all have been promised the chairman's ear.

Two of the younger bloods, now given broader roles, have been behind some of Morgan's most successful businesses in recent years. Nicolas Rohatyn, the 35-year-old emerging markets trader and son of Lazard banker Felix, will now run foreign exchange and commodity trading as well. And Peter Hancock, a 36-year-old Brit who has run derivatives, will now also take on fixed income and capital markets.

Warner's successor – when the time comes – is as likely to be from this level as anywhere.

Swede in Brussels

■ European Union newcomer Sweden looks like getting the top civil servant post in the social affairs commission in Brussels. Sweden's former finance minister, Allan Larsson, is for it. A loyal Social Democrat who ran Sweden's labour market board in the 1980s, Larsson is in Sweden's tradition of social corporatism. He should fit well into the EU commission as its director-general in charge of running the new social action programme.

He once was tipped for the top job at the International Labour Organisation but nodded it by as he didn't want to work outside Sweden.

Since when has Brussels been seen as a great improvement over Geneva?

Ducking stoolies

■ Police in the east Caribbean island of St Vincent are creating a psychic fraud unit. The squad's task will be to combat complaints about the number of quacks among the island's fortune tellers, voodoo priests and witch doctors.

Psychic services are in heavy demand on St Vincent, with non-islanders recently arriving to get some of the business. The boys in blue have made several arrests.

Can't wait for the trial: "It is alleged that your hiting the heads of chickens has no effect. How do you plead – guilty, not guilty, or just temporarily indisposed?"

Let me squeak

■ Shareholder democracy may be underdeveloped in Germany – but shareholder loquacity is doing fine.

At last week's annual meeting of Metallgesellschaft – the Frankfurt company that nearly drowned in a sea of oil trading losses early last year – one persistent shareholder was taken out by security guards after he refused to leave when the microphona was switched off.

Ronaldo Schmitz, head of the supervisory board, had decided – well into the night – that the time had come to stop tha talking and start the voting.

In view of the high losses and the remaining questions about how they arose, shareholders had plenty of targets if they had chosen to aim straight.

But most shareholders made rambling statements, in which their questions became bogged down amid the verbiage.

On the other hand, German agms are not organised in such a way as to stimulate argument and spontaneity. Questioners usually speak from a podium and directors often only answer after several shareholders have spoken. All of which hardly conduces to a lively forum. But then, which board of directors ever wanted that?

Too yummy by far

■ Bought any 'Sublime Garden' brand Egyptian chocolate lately? It was perhaps too tasty; the brand's producer decided the best way of getting return customers was to put some addictiva drugs into his bars, according to the daily newspaper Akhbar al-Yom. Police have arrested the owner, who might decide to plead guilty, on the basis that he's made rather a fudge of things.

Financial Times

100 years ago

The Berlin Bourse
It is a wonder that the Berlin Bourse manages to survive at all after the quantity of fussy interference to which it has to submit at the hands of a too-grandmotherly Government, but it not only exists but thrives. A new Bourse Reform Bill is to be submitted to the Reichstag and, from what we can learn, it deals most minutely with every kind of Stock Exchange business, which bids fair to be as much hampered by rules as a German drill-sergeant.

50 years ago

Trade negotiations
Earlier this year Italy approached Sweden with regard to a resumption of trade relations. Before the war trade between these two countries was very active, and in 1942 turnover amounted to as much as Kr.200,000,000. Sweden showed some interest in the Italian approach . . . Prospects for the resumption of trade are, however, regarded in cautious vein on account of the manifold transport difficulties and the more or less chaotic currency conditions in Italy.

FINANCIAL TIMES
Monday March 27 1995

China urged to 'control' foreign borrowings as debt costs grow

By Tony Walker in Beijing

China should heed the lessons of the Mexican financial crisis and further restrain foreign borrowing, which reached $100bn at the end of last year, a senior Chinese economist has warned.

Mr Zhou Shijian, deputy president of the International Trade Research Institute, said China's debt-service ratio was deteriorating and he urged the Chinese government to clamp down on enterprises and institutions raising capital abroad.

"China's deht-service ratio is approaching the security line, which makes it necessary to take effective control measures to prevent an oversized foreign debt," Mr Zhou told the official China Daily's Business Weekly yesterday.

Mr Zhou did not reveal China's debt-service ratio – principal and interest payments as a percentage of export earnings – but Business Weekly reported that the "security line usually is 20 per cent". The International Monetary Fund and World Bank have estimated China's debt service ratio at about 12 per cent.

China's debt repayment requirements this year are between $12bn-$14bn, according to Business Weekly, but this almost certainly understates obligations, which are thought to be closer to $20bn.

Mr Zhou called for efforts to control the proportion of short-term financial investment in China. He noted that in Mexico, bonds, securities and stocks had made up two-thirds of foreign investment, and these funds "left swiftly" when the peso began to fall after the country's December devaluation.

Mr Zhou's remarks follow other official expressions of concern recently about the country's rising foreign debt. Last August, the State Administration of Foreign Exchange Control (SAFEC) said it was "time for China to limit its foreign borrowing and use as much direct overseas investment as possible".

China's foreign debt grew to $100bn last year from $83.5bn at the end of 1993, an increase of about 20 per cent. Foreign exchange reserves more than doubled in 1994 to $57bn.

Mr Zhou also called for an improvement in China's debt structure. "A better deht structure is needed that should consist of reasonable proportions of long-term, mid-term and short-term debts," he said.

China is facing a "debt repayment peak" over the next three to four years, according to SAFEC. Loans issued in the early 1980s when China embarked on its modernisation drive are maturing. They include more than $10bn worth of yen-denominated development assistance loans. The yen has appreciated heavily against the Chinese yuan, adding substantially to the cost of debt-service.

Moody's has been taking a close interest recently in China's debt, and a group from the debt rating agency is expected in Beijing early next month for talks with the People's Bank of China and the finance ministry.

Earlier this month Moody's said it was scrutinising various categories of Chinese debt in light of present controversy over what might be regarded as China's sovereign and non-sovereign obligations.

It noted that while Bank of China was rated at single-A3, other Chinese institutions had different credit ratings. The Guangdong International Trust and Investment Corporation was rated Baa1 and under review for a possible downgrade.

Chinese officials have been seeking to clarify the definition of sovereign debt – that for which the Chinese government assumes responsibility – as opposed to non-sovereign obligations.

Foreign bankers have been concerned about the sovereign risk definition following several recent high profile examples of debt problems involving Chinese institutions, including $600m owed to Japanese and German banks by state companies which had entered into leasing arrangement in the mid-1980s.

Thais warn on leoding, Page 4

Greenpeace joins with the bankers to seek action on climate change

Haig Simonian in Berlin on the cataclysmic threat facing business from natural catastrophes

An increase in natural disasters caused by global warming could bankrupt some insurance companies, Mr Frank Nutter, president of the Reinsurance Association of America, warned yesterday at a conference in Berlin organised by the eovironmental campaigning group Greenpeace.

"If we are in a period of a series of extreme events that we are not prepared for, we could see major insolvencies," he said. The conference found Greenpeace joining forces with prominent members of the world's banking and insurance industries to demand international action on climate change.

"Of the 25 largest insured catastrophes in the US, 21 have occurred in the last decade, and 16 of those 25 involve a combination of wind and water," Mr Nutter continued. The effect of climate changes on consumers of insurance was likely to include higher premiums and excesses (deductibles). Based on the criteria of the US Property Claims Service, natural catastrophes almost doubled in the 1970s from the previous decade, remained broadly stable in the 1980s, but now appear to be rising again, with 171 incidents from 1990 to 1994 against 313 from 1980 to 1989.

Matters have been exacerbated by population growth in coastal areas. The industry estimates a Class Five hurricane striking New Orleans could cost £26bn ($42.6bn) in claims. A similar disaster in Miami could cost more than double that, says Mr Nutter.

That would have dramatic consequences for US insurers, whose total capital amounts to about $180bn. He estimated that a severe storm striking Miami or the north-eastern United States could cause more than $50ho in damage. Some insurance companies would be wiped out by the resulting claims. While stopping short of asking the government to share the burden, Mr Nutter suggested insurers and government would have to co-operate if such claims were to be met.

Mr Rolf Gerling, chairman of Germany's Gerling insurance group, in which Deutsche Bank, the country's biggest bank, has a sizeable stake, said it was no surprise environmentalists and representatives of the financial community should agree oo climate change. "The time is over when we should draw divisions between us. Now we should all march together." He said Gerling was taking greater account of environmental factors io its insurance and investment policies and would try to set an example for the industry.

The gathering was held two days before a conference sponsored by the United Nations in Berlin on progress in cutting emissions of "greenhouse gases" such as carbon dioxide which are believed to contribute to global warming. The Berlin conference is the first big follow-up to the Rio de Jamniero Earth Summit of 1992. Many industrialised nations agreed then to try to cut carbon dioxide emissions to 1990 levels by 2000.

What is all the fuss about global warming? ....Page 11
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Benetton and Bonomi poised to buy Lotus

Continued from Page 1

sobsidiary Bugatti Automobili, were formed in 1987 to revive the Bugatti marque, which had been moribund since the 1950s, and develop a new range of 200mph supercars.

Sales of the flagship 553 brake horsepower EB110 coupé, priced at between £285,500 and £336,000, have proved disappointing.

Development of a second range, the EB112 saloon, has been hampered by lack of funds and unpaid bills. Last year Bugatti eogaged CS First Boston as financial adviser and Price Waterhouse as auditor with the aim of raisiog equity finance either in Loodon or New York, bot the funds have never materialised.

The resulting financial pressures bave forced the planned sale of Lotus.

Mr Bonoml said 21 Invest intended to continue to support the Group Lotus management team, which had "successfully turned round the company to a good level of profitability" since the takeover by Bugatti.

Lotus, with a workforce of 985 mainly at its beadquarters at Hethel, near Norwich, achieved an operating profit of £4.9m on a turnover of £50.5m in the calendar year 1994, said 21 Invest.

Groop Lotus, not connected with Team Lotus, the Formula One racing team, more than donbled sports car production in 1993 to 710 from 320, although its main business is automotive engineering consultancy.

Mr Bonomi said that 21 Invest would initially hold all of the equity in Lotus, but that it would aim later to hring in other investors with the possibility that Lotus could become a management buy-out. Midland Bank is to provide the main debt financing of around £10m.

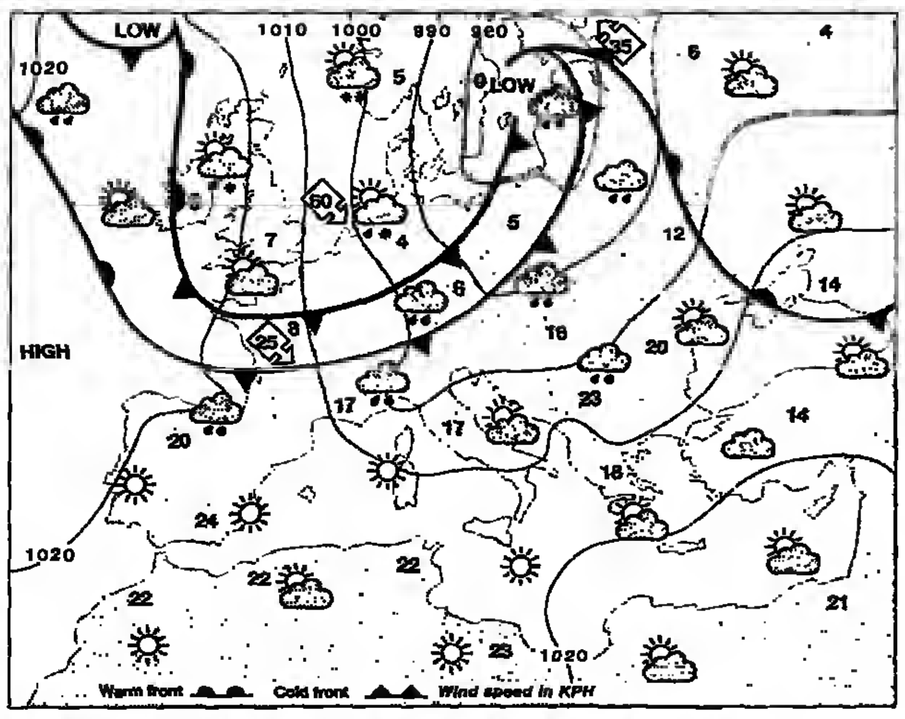
FT WEATHER GUIDE

Europe today

Cold air will enter the North Sea region causing wintry showers in Scotland, western England, northern Germany, the Lowlands and northern France. The North Sea will be rough, with north-westerly winds approaching gale force. Western Ireland and south-western England will be relatively calm with large breaks in the cloud. These regions will have only occasional showers. Heavy rain is likely in north-eastern, eastern and central France because of a frontal zone. Northern Spain may also be cloudy and rainy, while the interior and southern parts will be sunny. Spring-like conditions will prevail in south-eastern Europe and the Balkans. Gentle to fresh south-westerly breezes will draw subtropical air from northern Africa into this region, taking the temperature above 20C in some places.

Five-day forecast

High pressure will move into France and the Lowlands causing widespread frost on Tuesday morning. A depression will track from Ireland and south-western England into France on Wednesday, bringing rain and pockets of sleet and snow. Thursday will be calmer because of a new ridge of high pressure, however another frosty morning is likely. The cold air will reach the Balkans by the end of the week.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	sun	16	Caracas	shower	28	Faro	sun	21	Madrid	sun	21	Rangoon	fair	34
	Celsius		Belfast	shower	6	Cardiff	fair	7	Frankfurt	rain	8	Majorca	sun	19	Reykjavik	cloudy	-1
Abu Dhabi	sun	27	Belgrade	fair	21	Casablanca	fair	20	Geneva	rain	11	Malta	sun	19	Rio	thund	29
Accra	sun	32	Berlin	rain	6	Chicago	rain	5	Gibraltar	sun	22	Manchester	shower	7	Rome	fair	17
Algiers	fair	20	Bermuda	shower	20	Cologne	rain	7	Glasgow	fair	7	Manila	cloudy	32	S. Frsco	sun	22
Amsterdam	shower	5	Bogota	drzzl	20	Dakar	sun	24	Hamburg	shower	4	Melbourne	cloudy	20	Seoul	fair	12
Athens	sun	19	Bombay	fair	32	Dallas	fair	22	Helsinki	snow	1	Mexico City	sun	28	Singapore	thund	31
Atlanta	thund	26	Brussels	shower	7	Delhi	fair	37	Hong Kong	sun	28	Miami	fair	28	Stockholm	snow	1
B. Aires	sun	27	Budapest	fair	16	Dubai	sun	26	Honolulu	fair	27	Milan	shower	17	Strasbourg	rain	9
B.ham	shower	7	C.hagen	shower	4	Dublin	fair	7	Istanbul	fair	15	Montreal	sun	6	Sydney	shower	24
Bangkok	cloudy	35	Cairo	sun	22	Dubrovnik	shower	16	Jakarta	thund	31	Moscow	fair	6	Tangier	fair	21
Barcelona	sun	16	Cape Town	cloudy	24	Edinburgh	fair	6	Jersey	fair	11	Munich	rain	8	Tel Aviv	fair	19
									Karachi	sun	34	Nairobi	fair	26	Tokyo	shower	12
									Kuwait	fair	21	Naples	fair	18	Toronto	rain	7
									L. Angeles	sun	23	Nassau	sun	28	Vancouver	sun	17
									Las Palmas	sun	23	New York	fair	11	Venice	fair	15
									Lima	fair	28	Nice	sun	17	Vienna	fair	15
									Lisbon	sun	22	Nicosia	fair	19	Warsaw	rain	10
									London	shower	7	Oslo	fair	5	Washington	fair	10
									Lux.bourg	rain	5	Paris	rain	6	Wellington	rain	18
									Lyon	rain	11	Perth	fair	34	Winnipeg	cloudy	-1
									Madeira	sun	21	Prague	rain	7	Zurich	rain	8

THE LEX COLUMN

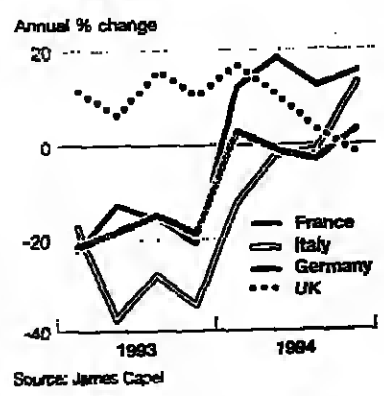
Swiss shenanigans

Union Bank of Switzerland continues to underestimate Martin Ebner, its largest and most troublesome shareholder. The bank's directors insisted for months that registered shareholders, of whom Mr Ebner's BK Vision investmeot company is tbe biggest with 18 per cent, could not legally be compeosated for the loss of voting power resulting from a proposed share unification scheme. Now that the proposal, approved narrowly by shareholders last November, is blocked by Mr Ebner's legal actions, the bank has suddenly found that it can offer registered shareholders a 10 per cent payoff plus a slight increase in their voting power by way of an exclusive deeply discounted one for five rights issue.

Mr Ebner would have beeo hard pressed to refuse such an offer in September when the share unification scheme was unveiled. But since November, he has accused UBS directors of all sorts of wrongdoing. Having said publicly that be wants heads to roll, Ebner cannot accept a payoff now without looking the greenmailer that UBS chairman Nikolaus Senn tactlessly labels him.

While some Swiss fioanciers bemoan the publicity attracted hy the affair, the battle is demonstrating a oew-found and welcome transparency in Swiss corporate affairs. The legal cases, if taken to tbeir conclusion, would provide useful clarification of uncertain aspects of a new companies act. UBS shares have suffered, but arguably due to negative market sentiment towards banks in general. They still enjoy a higher rating than those of their accideot-prooe Swiss rivals.

Car registrations



Source: James Capel

Automotive industry

The European automotive industry's recovery is proving decidedly patchy. The German and UK markets are stuttering, while appareotly strong year-on-year increases in France are flattered hy particularly poor performances last year. At this stage of the cycle, the West European market should be growing at more than 3 per cent.

Giveo the limited drive in volumes, there are coocerns about bow automotive makers' profits can advance. Raw material prices are rising rapidly, and most of the benefits from cost-cutting are being passed to customers in discounts. Moreover, little capacity was taken out during the last recession and new sources of supply are scheduled. Japanese carmakers, galvanised by tbe yen's appreciation, bave announced large capacity increases.

Meanwhile, European currency turbulence has redistributed competitiveness. The big manufacturers in Germany and France are particularly suffering, while those in southern Europe and the UK are benefiting. French and German manufacturers are finding it impossible to compensate for the falling value of exports by raising prices. Simultaneously, cheap imports are eating up market share in their domestic markets.

One way of escaping the moribund European market is to diversify geographically. Companies such as VW are investing heavily in China and Latin America. However, though such markets may be expanding fast, that does not guarantee profitability. The Brazilian market has taken three decades to come good, and China could, in the medium term, prove a huge opportunity to lose money.

Derivatives

The rush by banks and securities firms to set their houses in order following a series of nasty derivatives losses is unseemly. The inescapable conclusion is that it is motivated by a desire to forestall any hostile moves by regulators rather than by a sudden urge to protect clients.

It has come late in the day, given the long list of casualties in the unregulated over-the-counter derivatives market, from Hammersmith and Fulham council to Procter & Gamble. The Barings debacle, though in the more tightly controlled futures market, has spurred calls for greater controls.

On Friday, the International Swaps and Derivatives Association launched a new code of conduct, drawn up with New York's Federal Reserve Bank. This follows a decision by affiliates of six US securities firms to give more information to regulators.

However self-serving, these steps are a sign that some of the industry's problems are being addressed. The excuse that the market is made up of professionals who do not need to be protected does not stand up, given the vast gap in understanding between the most and least sophisticated participants. While the new code of conduct is voluntary, it should help the market to reward more responsible houses.

Supervisors do not want to regulate the market into oblivion, but they are right to hold the threat of greater regulation over the industry. It is forcing banks and securities houses to take a long look at a complex business, the growth of which had outstripped the grasp of many managers.

Building societies

This is a crunch week for UK building societies. Tomorrow the High Court will reveal whether the proposals of the Halifax and Leeds Permanent for distributing shares to 10m members are legal. If permitted, two of the biggest building socteties could then proceed with their plans to merge and become a quoted bank. On Friday, members of Cheltenham & Gloucester Building Society will vote on Lloyds Bank's £1.8bn cash offer for their society.

If both go ahead, the building society movement will be substantially diminished. But these deals need not necessarily lead to a rash of rationalisation among the remaining 79 societies in the sector. In their present form there are only three big enough to convert into quoted banks: Nationwide, Woolwich, and Alliance & Leicester. And of the rest, only a handful are attractive enough to float, even after possible mergers.

As for the remainder, there is little pressure on them. Although the smallest societies achieved virtually no net lending in 1993 and found conditions last year extremely difficult, they have plenty of assets and low overheads: they have the option to minimise marketing, dividends remain unnecessary, and any disadvantage in funding costs caused by their inability to access wholesale money markets can easily be offset by efficiency gains. That does not mean inactivity is the best course – without the big boys the building society sector is set to become a backwater – but a dash for consolidation is unlikely to be the immediate response if this week's deals get the go-ahead.

FINANCIAL TIMES
COMPANIES & MARKETS

Monday March 27 1995

MARKETS THIS WEEK

BRONWEN MADDOX:
GLOBAL INVESTOR
The past two weeks have seen strong buying of French ehares, efter months of underperformance. Brokers are predicting e rise of more than 25 per cent in industrial earninge in 1995, and more than 20 per cent in 1996 and many leading stocks are now trading at a discount to their European counterparts. **Page 23**

PETER NORMAN:
ECONOMICS NOTEBOOK
This year's currency upheavals have revived ideas for clamping down on foreign exchange market speculetion. A strong head of steam, fuelled by academic economists, has formed behind ideas for putting some "sand in the wheels of international finance". **Page 23**

BONDS:
The US Federal Reserve and Germany's Bundesbank are both holding policy meetings this week which could shed light on the direction of interest rates on both sides of the Atlantic. **Page 24**

EQUITIES:
In Wall Street, economists believe the Fed will tighten monetary policy and the market seems to have written off such an eventuality as it reeched new highs nearly every day last week. In the UK, dividend growth lies behind all the "valuation" arguments for buying equities which have fuelled the recent rally in share prices. **Page 26**

EMERGING MARKETS:
Bombay'a three-day closure gave out a clear message to foreign institutional investors. "Foreign Institutions have been astounded by the shutdown," said Mr Ron Gould, managing director of BZW Investment management. **Page 25**

CURRENCIES:
The week ahead will be critical for foreign exchanges as central bank meetings in the US, Japan and Germany establish e fresh context for market activity. **Page 25**

COMMODITIES:
Cocoa producers, who have seen prices languish for the past year in spite of a continuing fall in world stocks, will this week confront one of tha biggest threats to their future – the increasing use of cheaper alternatives to cocoa butter. **Page 23**

UK COMPANIES:
The weekand votes by members of Cheltenham & Gloucester Building Society marked the start of a week which could determine the future shape of merger and takeover activity among building societies. **Page 20**

INTERNATIONAL COMPANIES:
Electrolux, the household appliance manufacturer, has postoned the stock market sale of Grånges, its aluminium and metal working subsidiery. **Page 21**

STATISTICS

Market turmoil hits Russian gas sale

By Nicholas Denton in London and John Thornhill in Moscow

The planned sale of shares in Gazprom, the dominant force in the Russian gas industry, to western institutional investors has been put on hold until market conditions improve.

Instead Kleinwort Benson, the UK investment bank advising on the equity issue, will first target international oil, gas and chemical companies. "We are looking at trade buyers and the institutional investors will come later," said Lord Rockley, chairman of Kleinwort Benson.

The decision has resulted in an indefinite delay for the largest planned equity offering to western financial investors to emerge from the former Soviet Union.

Gazprom is the world's largest hydrocarbon producer: it controls 24 per cent of the world's known natural gas reserves; supplies nearly a fifth of west European gas demand; and is the country's single largest source of hard currency, earning \$6bn-\$7bn a year.

A shareholding of 9 per cent in Gazprom bas been allocated for sale outside Russia and a portion of it was to have been allocated to purchasers such as pension, emerging market and energy funds.

The internadonal equity offering, scheduled for this month, is one of many from emerging markets which have been postponed since the financial crisis in Mexico began in December. That and political instability in Russia have contributed to a 70 per cent decline in the Moscow stock market since its peak last September.

The Russian company's management is nevertheless beginning negotiadons with some of the 20 industrial companies identified as potential shareholders. Tbsy included "majors", Lord Rockley said, naming Shell, the Anglo-Dutch company, as an example. BASF and Ruhrgas of Germany, and British Gas of the UK are also believed to have indicated interest.

Gazprom and its advisers have given international energy and chemicals companies an incentive to buy stakes: Gazprom will prefer its shareholders in making supply and joint venture egreements.

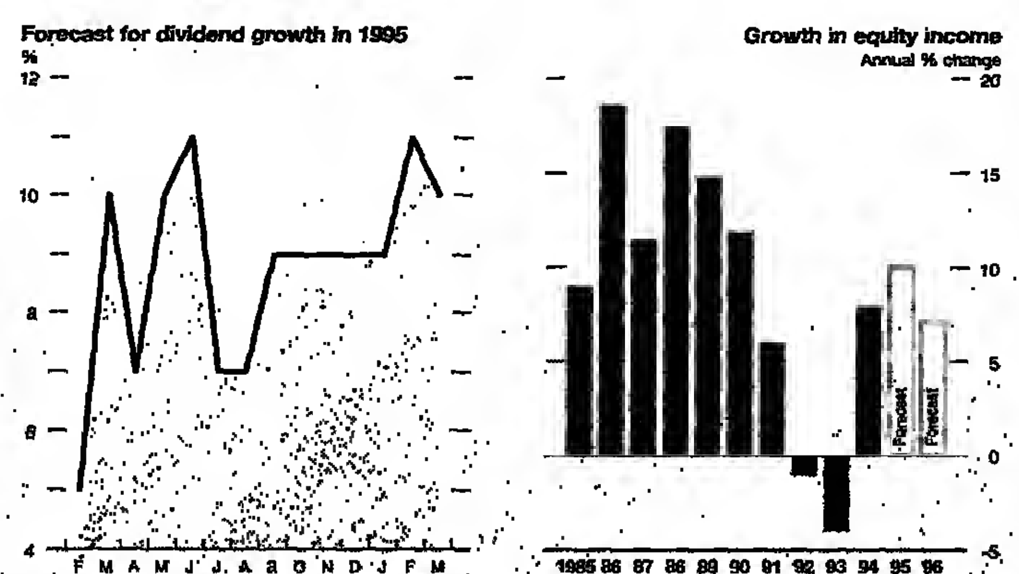
Lord Rockley was speaking on the opening of Kleinwort's office in Moscow. He disclosed that Kleinwort had already advised Gazprom on three projects:

- The hank is arranging e DM1.3bn (\$920m) limited-recourse bank facility for Gazprom to help pay for the DM5bn Midal-Stegal pipeline to be built in Germany with BASF.
- Kleinwort Benson advised on Gazprom's purchase of a 25 per cent stake in Neste's gas interests which were spun off from the main Finnish company last year.
- The bank heiped organise a DM964m financing with German banks, backed by the Hermes export credit agency, to buy equipment for the Novy-Urengoi plant in western Siberia.

Philip Coggan reports on the UK dividend increases that have exceeded expectations

Shareholders sweetened by a payout bonanza

Rewarding figures



Source: James Capel
Source: BZW Equity Gilt Study, January 1995

British executives may have been rewarding themselves with hefty salary increases but they have also been keeping their shareholders sweet.

The surprise element of the current UK results seeson has been the level of dividend increases. While earnings have been generally in line with expectations, payouts have exceeded them. According to Mr Mark Brown, a strategist at ABN-Amro Hoare Govett, of the larger companies which have reported so far, 43 dividend payments have exceeded expectations and ouly 11 have disappointed.

Forecasts for dividend payouts this year – the result of 1994 figures now being announced – have been edging higher as the chart from James Capel shows; back in February 1994, the consensus was for only 5 per cent dividend growth. And the consensus may move even higher than its current 10 per cent. Mr Richard Jeffrey, Charterhouse group economist, has just raised his estimate for annual dividend growth for companies reporting this year from 10 to 12.5 per cent.

The average growth rate has been bolstered hy some hefty double-digit increases from the financial sector; according to SG Warburg, the rate of increase from the industrial companies has been just 9 per cent. It is also part of a general European trend of corporate recovery; Mr Nick Stevenson of SG Warburg thinks that German dividends are likely to grow by 10 per cent this year, and by 15 per cent in France.

Nevertheless tbe tone of the UK results season, according to Mr George Hodgson, the Warburg strategist, is better than that of the interim season last autumn. Then BTR, the diversified industrial group, caused concern wben it warned that it was proving difficult to pass on higher raw material costs to customers.

In recent weeks BTR and British Vita, the foam and fihres group, have said that this pressure on profit margins had abated. If that is a general trend across industry, and in the light of continuing economic growth in 1995, companies have every reason to be confident. The consensus forecast for the 1996 season is for another dose of 10 per cent dividend growth.

Recent growth comes in the waka of a very difficult period in the early 1990s, when many companies cut dividends in response to the recession and the high costs of their debts. Nominal dividends fell in two consecutive years (1992 and 1993) for tha first time since 1942-43, according to BZW, although former chancellor Mr Norman Lamont's change to dividend tax credit played a part in this decline.

However, the early 1990s retrenchment has set the scene for the current revival in payouts. Mr Michael Hughes, global strategist at securities house BZW says: "The corporate sector has built up a large cash surplus having repaid debt in the early 1990s." Figures released on Friday by the Central Stetistical Office show the corporete sector's financial surplus reached a record £13bn (\$21bn) last year.

Mr Brown says that dividend payments appear to be at the top of the finance directors' list of priorities, ahead of takeovers and investment. The reason for this lack of interest in investment, he believes, is because the corporate sector currently has sufficient capacity.

Mr Hughes adda that companies ere also aware of the need to reward investors after several bad years for payouts. "There has been greater emphasis in recent years on income as a standard for investment measurement, especially with the return of retail investors, for whom the value of shares often comes from the income," he says.

"After several years of recovery, companies now feel more confident," he adds. "They also know that, if they reward shareholders now, that may ensure support for when they want to raise money later in the cycle."

But are companies paying out too much? Past criticisms have argued that, by forcing companies to maintain high levels of payouts, investment institutions are restricting the ability of industry to invest in long-term growth.

The rapid growth of dividends in the 1980s, fuelled in part by companies' fear of takeovers, had eroded dividend cover (the ratio of earnings to payouts) to around 1.6-1.7 by the early 1990s. Up until recently, many analysts expected that companies would allow dividends to grow only slowly, allowing the cover ratio to return to its mid-1980s level of 2.5.

That has not happened. Estimates of dividend cover vary, depending on which earnings analysts include; Mr Brown says the level is 1.8, Mr Jeffrey 2.2. Mr Bob Semple, head of economics and strategy at NatWest Markets, estimates the level of dividend cover is around 2, and will rise to 2.2 in 1996. "In the old days, that would have been at the lower end of the range," he says.

"Companies have decided they can liva with lower levels of cover because if inflation is low, the cycle should be less severe," Mr Semple adds. In other words, companies need to leave less of a cash cushion to cope with the sharp downturns, which have in the past occurred when government slam on the interest rate brakes to avoid inflation.

Nevertheless, this reasoning may not impress e new Labour government, if it takes power. After all, reform of the corporate taxation system to discourage dividends was considered by the Conservative governmant when Mr Stephen Dorrell was a Treasury minister. The current season of bumper payouts may turn out to be an Indian summer.

UK brewer close to deal with Foster's

By David Blackwell in London

Scottish & Newcastle, the UK beer and leisure group, is this week pntting tbe finishing touches to an agreement to buy Courage, the second-largest UK brewer, from Foster's of Australia.

It is understood that the deal, which would create the UK's biggest brewing group, conld be signed as early as next week. Bnt the sheer size of the purchase, its international nature and the number of parties have led to legal complexities that might take a month to resolve.

Mr Brian Stewart, S&N chief executive, yesterday would neither confirm or deny weekend stories of an imminent announcement of a deal worth between £400m (\$656m) end £600m. "We never comment on market rumour – and this one has been around a long time," he said. In Melbourne, e Foster's executive said the speculation of an imminent deal was premature but that talks were continuing.

S&N and Courage are a perfect geographic fit. Courage is in Yorkshire, where it brews John Smith's bitter, and in the south of England, while S&N is concentrated in northern England and Scotland. However, given the overcapacity in the UK brewing sector, rationalisation can be expected. Furthermore, regulatory issues are likely to be raised with the Office of Fair Trading.

The OFT is already condncting an inquiry into wholesale beer prices after publicans' complaints that Courage offers beer price discounts to pubs in the free trade but not to those in its tied estate.

A combined S&N and Courage would have more than 30 per cent of the UK market. Observers think it unlikely that the group would be allowed to keep such a share; it could be forced to shed brands and assets to bring it closer to Bass, the current market leader with 23 per cent.

Last month Foster's reported a 26 per cent rise in profits and referred to the complications surrounding the future of Courage.

Mr Ted Kunkel, chief executive, said there were "complexities which require very careful consideration and no decisions have yet been made". Courage reported a 17 per cent growth in pre-interest profits to A\$118m (US\$86m) et the interim stage.

This week: Company news

GERMAN COMPANIES

Surging D-Mark is mixed blessing for industry

This is e bumper week for followers of the German corporate scene, with three big banks, two car companies and two chemical groups reporting their 1994 results and outlining prospects in 1995.

In all cases, the turbulence on world financial markets and the impact of the surging D-Mark on the domestic economy and exports will be of as much interest as the actual figures.

Forecasts for Germany's economic growth rate this year are being scaled back as the D-mark continues to strengthen.

Like Bayer, which has already had its annual press conference, BASF and Hoechst have benefited enormously from economic recovery and their own cost-cutting and efficiency efforts. Hoechst has announced an 80 per cent rise in net profits for last year and BASF one of 50 per cent. Analysts will be keen to hear what they have to say about the difficulties of doing business in Germany after Bayer's statement that it may shift a tenth of production capacity abroad.

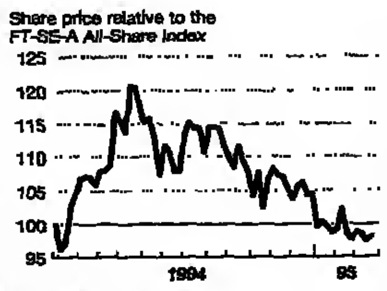
The big three banks – Deutsche Bank, Dresdner Bank and Commerzbank – fared dismally on their own account trading in the first 10 months of last year as a result of the rout in bond markets. This pulled down their overall results, which are expected to look much healthier this year by comparison.

Their Bavarian rivals, Bayerische Vereinsbank and Bayern Hypo-Bank, report next week, as does the smaller BHF-Bank.

In the car sector, both Volkswagen and BMW have reported encouraging preliminary results. VW made a small profit last year after a huge loss in 1993 and expects further progress this year. But the strong D-Mark will certainly not help exports, and BMW's decision to manufacture in the US is given further justification by the weakness of the dollar.

P&O

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

P&O

Core shipping business pays off

The cruise, ferry and shipping operations of Peninsular & Oriental Steam Nevigation Company are expected to be responsible for an impressive profit increase when the group reports its 1994 results tomorrow.

Analysts are predicting pre-tax profits of £320m-£355m (\$513m-\$570m) before exceptionals, from the shipping, transport and property group, against last year's £523.7m, which included £278.5m profits from investment sales.

P&O has invested heavily in its shipping businesses in the last five years and is now seeing the rewards.

Turnover, which was up only 1.6 per cent at the interim stage to £2.73bn (£2.69bn), is not expected to have grown strongly, hut P&O will benefit from the operational gearing of the shipping businesses, which have e high level of fixed costs. The ferries operation, whicb saw interim profits more than double to £26.6m (£11.5m last time), increased passenger traffic by 17 per cent in 1994 and the full year figure is estimated et £100m (£81.7m).

The cruise liner market is growing strongly, and the 25 per cent increase in interim operating profits that P&O recorded to £42.4m (£34m) is expected to be repeated.

Volumes in the container division were higher last year, but analysts are unsure whether rates have fallen in the second half.

An unchanged dividend is forecast.

ITALIAN BANKS

Privatisation proves to be two-way street

Banca Commerciale Italiana (BCI) and Credito Italiano (Credit) – the two Milan-based banks privatised in the last 18 months – are set to announce 1994 results on successive days this week. BCI will report full-year results today; Credit reports tomorrow. Both banks should report e decline in profit compared with 1993, providing further evidence of the difficulties experienced hy Italian banks last year as interest margins narrowed and the value of bond portfolios dropped.

Since privetisation, the two companies have moved quickly to assert themselves as private-sector institutions, with mixed success. They both raised funds with large share issues last year, and launched hids for other medium-sized Italian banks within days of each other in the autumn. BCI's attempt to take control of Banco Ambrosiano Veneto failed after only a few days, but there is speculation that the bank will use its war-chest to renew its assault on Ambroveneto or on another smaller Italian bank. Credit won control of Credito Romagnolo of Bologna after a three-month battie but analysts are concerned that the price paid by Credit and its allies – L3,770bn (\$2.27bn) for a 78.36 per cent stake – could dilute the bank's earnings for 1995 and 1996.

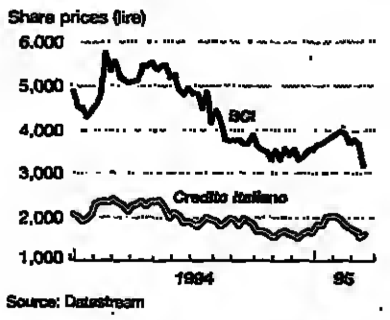
■ Pirelli: After three years of net losses and e painful restructuring, the Italian cable and tyre manufacturer, is today expected to announce e strong return to profit in preliminary results for 1994. In 1993 the group cut net losses to L96bn (\$57.9m), compared with L154bn of losses in 1992. Pirelli is investing heavily in cahles technology which it hopes will reap the benefit of the promised multimedia revolution.

■ Citic Pacific: The Hong Kong-listed arm of China International Trust and Investment Corp, is expected today to announce a growth in excess of 30 per cent in 1994 profits. Analysts' forecasts range from 34 per cent to 42 per cent.

■ Blue Circle: When Britain's biggest cement producer announces full year figures on Wednesday, comparisons once more will be difficult as this year's figures will incorporate e £40.3m provision, of which £35.1m was due to a goodwill write-off on the sale of the New World cookers business. Profits could be around £184m (\$301m) against £165.6m last time.

Italian banks

Share prices (lire)



Source: Datastream

Companies in this issue

Go-ahead for Halifax will put more pressure on C&G board

By Alison Smith

The weekend votes by members of Cheltenham & Gloucester Building Society marked the start of a week which could determine the future shape of merger and takeover activity among building societies.

As the final decision is taken on the £1.8bn cash offer for C&G by Lloyds Bank, a significant stage has been reached in the plans of Halifax and Leeds Permanent, two of the UK's largest societies, to merge and then form a bank.

The two societies will learn tomorrow whether their plan to distribute free shares to all investors and borrowers on the becoming a plc is within the law. Building society legislation imposes restrictions on which of a society's members can receive an immediate benefit in cash or shares when it is taken over or converts to plc status. Borrowers are excluded, as are investors of less than two years' standing.

These provisions prevented C&G from sharing the £1.8bn cash among all its members. In the High Court last week, Halifax argued that these provisions of the 1986 Act did not apply to its planned share scheme, which follows the pattern used by Abbey National when it became the first building society to convert to a bank.

If Halifax's plans are allowed, this will put increased pressure on the Cheltenham & Gloucester board to find an alternative scheme enabling all 1.2m members to benefit. C&G members will vote on the Lloyds Bank bid at a special meeting on Friday, where it must be approved by a large majority of investors in order to proceed.

However, if the Halifax plans are found unlawful, the societies will have to decide whether to appeal or to devise another scheme. Either course would slightly delay the scheduled merger of Halifax and Leeds Permanent in the summer.

Furious investors pull no punches

By Roland Adburgham, Wales and West Correspondent

As they waited off stage, the directors of Cheltenham & Gloucester Building Society had fair warning of what was to come. Inside the honey coloured stone magnificence of Cheltenham town hall, the slow handclapping began as about 700 of the society's investors awaited them.

When the 10 directors trooped onto the platform, five minutes late, it was to ironic cheers and hissing by C&G members enraged by the terms of the society's proposed £1.8bn takeover by Lloyds Bank. Mr John Bays, C&G chairman, immediately antagonised them further by declaring that the board would not answer questions.

For the next two hours, the directors underwent a verbal mauling by the mostly elderly investors. "This whole sorry story is one of ineptitude by the board," was a typical remark, loudly applauded, by a succession of articulate speakers.

Saturday's requisitioned meeting was forced on the board by 100 dissident investors in advance of a special meeting to be held in London on Friday, when the society's 1.2m members are entitled to vote on the takeover.

Among four resolutions at the meeting were proposals to provide a paper alternative to cash payments by Lloyds, and to benefit those members, including borrowers, excluded from receiving bonuses. Those in the hall voted in favour of the resolutions but, with 44,000 proxy votes cast, these were lost by majorities of about two to one. The board had already made it clear it would not be bound by the outcome.

C&G claims that almost 90 per cent of investors will receive cash payments but most of the ire was directed at the way in which other depositors were excluded. Some long-standing members complained that they had been encouraged by C&G to switch into accounts which did not qualify. One of them, Mr Brian Todd, said he had had a "six-figure investment for the past half decade". He expressed his "total disgust at the cavalier, indifferent, uncaring attitude" of the board.

"I don't know how you can live with yourselves," another investor said, pointing out that a C&G manager had previously congratulated him on his "wise decision" in switching to an account which now failed to qualify. A man from Ludlow, in Shropshire, said his 86-year-old father had transferred over £100,000 to such an account: "He is almost certain to withdraw the whole bloody lot."

Mr Paul Rivlin, leader of C&G Alternatives, the pressure group which requisitioned the meeting, protested that no premium was being paid by Lloyds. It was almost unheard of in a takeover, he said, for there to be no form of paper alternativa, which would enable people to avoid capital gains tax liability. "Why is the board's attitude so hostile to us, the people who actually own the society?" he asked.

The dark-suited directors sat with glum faces as the tirade of criticism flowed over them. At the end, Mr Bays abandoned attempts to read a lengthy prepared statement when his words were drowned by slow handclapping, foot stamping and cries of: "We want answers."

After the voting, Mr Rivlin said, "We managed to hold 35 per cent of the vote and, if that is reflected at the special meeting on Friday, the deal with Lloyds will sink. The society needs 75 per cent of the membership to agree before it can go ahead."

Mr Andrew Longhurst, C&G's chief executive, who was accused of seeking to further his own career by the takeover, had earlier described the meeting as "a total waste of money". The society said it cost £500,000 to convene it.

After the meeting Mr Longhurst said: "We understand the strength of feeling of those who are left out of the cash payments, but remain firm in our belief that no new proposal could legally be formulated which would satisfy everybody."

Enterprise Computer nears deal with banks

By Paul Taylor

Enterprise Computer Holdings announced late on Friday that it had reached agreement "in principle" with its bankers covering the proposed refinancing of the company.

The company's shares have been suspended at 3p since February 16 pending the announcement of a refinancing programme needed to address debt levels of about £6.93m, including loan stock, and "excessive overheads" of about £232,500 for an unoccupied property.

Yesterday afternoon, as talks continued at the offices of Hoare Govett, its brokers, the company issued a statement through the Stock Exchange saying that agreement in principle had been reached "with all relevant parties" for the proposed refinancing.

Enterprise, which reported interim pre-tax losses of £5.19m on sales of £2.93m last month, said it planned to make a full announcement and send a circular to shareholders seeking approval for its refinancing terms on Monday.

Trading in the group's shares is expected to resume today.

KPMG nominates partner to Broadgate board

By Simon London
Property Correspondent

Mr Roger Oldfield and Mr Tim Hayward of KPMG Peat Marwick, joint receivers to Rosehaugh, have taken the unusual step of nominating a partner of the accountancy firm to the Broadgate Properties board. The move is designed to strengthen the receiver's hand in negotiations with British Land.

Rosehaugh, the collapsed property developer, owns half of Broadgate Properties, the holding company for the Broadgate office development in the City of London. British Land will control the other half of the holding company following its takeover of Stanhope, the former development partner of Rosehaugh.

Mr Howard Mallinson, a partner in KPMG's property group, will be one of two Rosehaugh nominees on the holding company board.

It is highly unusual for a partner to join the board of a company in such a situation.

Rosehaugh and Stanhope each appointed two nominees to the Broadgate board, with the balance of power held by independent directors.

The receivers said that Mr Mallinson had been nominated to protect the value of Rosehaugh's shareholding in the run-up to to the refinancing of Broadgate's £750m debts, which is due to take place in two years' time.

They believe that some of Broadgate's assets may have to be sold to reduce debts, a move which many analysts believe British Land could resist.

British Land's offer of £125.5m for Stanhope, which was declared unconditional last week, was widely seen as the prelude of a bid to gain full control of Broadgate.

Earliar this month the company launched a £211m rights issue, which it said might be used to finance the acquisition of Rosehaugh's shara in the holding company.

However, the receivers have said they are not prepared to sell their interest in Broadgate for anything less than a full price.

Precoat International to join market with £18m price tag

By Roland Adburghem

Precoat International, the Wales-based steel processor, hopes to complete a placing within the next 10 days which should float the company with a market capitalisation of about £18m.

Color Steels, its subsidiary at Cross Keys, Gwent, is the UK's largest service centre for pre-coated steel.

The product has an established market in the construction industry and Color Steels has growing sales to white goods manufacturers, supplying customers increasingly on a just-in-time basis.

New uses for pre-coated steel are being found in brown goods, lighting and office furniture.

Color Steels has a turnover of £31m. A Canadian operation, set up in 1985, has sales of £8m. Directors forecast that the group's pre-tax profits for the year ending April 30 will be not less than £2.4m, against £1.78m for the previous 12 months.

Precoat is offering nearly half its equity to raise £9m, including £2m of new money for investment at the Gwent and Canadian plants and a proposed pilot facility on the European continent.

The holdings of the Kaye family, the company's original backers with a 40 per cent stake, will be reduced by about half. The venture capital group 3i, which has a similar stake, will also halve its holding.

None of the directors or their families will be selling shares.

"We feel we've reached the point where we genuinely qualify as a floated company," said Mr Ian Williams, chairman.

"The additional profile will be of help in enhancing our credit in the eyes of the bigger and bigger customers with whom we're dealing."

Precoat acquired Color Steels in 1978 when Mr Williams, previously with British Steel, became chairman and managing director.

Sponsor and stockbroker to the issue is Peel, Hunt, and dealings are expected to start in the second week of April.

PTS details float plans

By Andrew Taylor,
Construction Correspondent

PTS, which claims to be the UKs largest independent merchant of central heating equipment, has announced details of its flotation, which is expected to raise £8.75m via a placing with institutional investors.

The issue, priced at 90p for each ordinary share, values the group at £17.1m. The ordinary shares being placed represent 51.2 per cent of the enlarged capital.

Some £5.75m will be received by selling shareholders, mostly institutions: another £2.56m will be used to repay borrowings.

Directors' families, who currently own about 8 per cent of the shares, expect to raise £87,750 from the placing.

Last year PTS earned a record pre-tax profit of £2.17m, including a £418,000 profit on sale and leaseback of the company's headquarters. This compares with a pre-tax profit of £929,000 in 1993. Turnover rose from £40.4m to £49.5m.

Magnum seeks £2m via placing

Magnum Power, the USM-traded designer of built-in uninterruptible power supply units, has placed 2.04m ordinary shares at 118p to raise £2.41m to fund expansion.

Market reaction to BI-UPS – which protect equipment such as personal computers from loss or malfunction of the power supply – has exceeded expectations and funds raised by the placing will be used to expand sales and engineering resources.

The company is on target to break even in December.

The share price rose 6½p to 132¼p on Friday.

NEWS DIGEST

Quality Software tops £2.5m

Quality Software Products, the Gateshead-based accounting software group, reported higher full-year pre-tax profits, reflecting growing market acceptance of its modular-based Universal OLAS software, which runs on a broad variety of computer systems.

Pre-tax profits for 1994 jumped to £2.51m (£553,244) on turnover ahead 24 per cent to £16.5m reflecting an 84 per cent increase in product revenues.

Mr Alan Mordain, chairman, said: "The second half of 1994 was the best ever in QSP's history with strong growth in turnover and profitability."

Basic earnings per share increased to 28.8p (7.3p) or to 27.5p (6.7p) fully diluted. A final dividend of 3.5p (1.25p) is recommended, making a total of 4.5p (1.25p).

Sherwood Computer

Sherwood Computer Services, the USM-quoted software group, has moved into profit and is to seek a full listing.

The pre-tax figure for the year to December 31 came out at £79,000 (£2m loss) after exceptional charges of £1.33m for redundancy and reorganisation costs.

Disposals – of Guardian Computer Services, Consort Data and Investment Management and Local Government – and the reduction of work in progress by £1.4m reduced net debt from £3.4m to £300,000.

Turnover was £25.1m (£23.6m).

The company is to resume dividend payments with a recommended final of 2p.

DRS Data lower

DRS Data & Research Services, the scanning equipment manufacturer, reported 1994 pre-tax profits lower at £1.49m, against £1.95m. Turnover fell from £11.1m to £8.8m.

The results were in line with the warning issued in November and the shares lost 1p to close at 24p on Friday. The company floated at 110p in May.

It blamed a collapse in demand from schools, its main market, which remains difficult. The directors expect tight trading to continue in the short term and "further need for the consolidation and restructuring of our business direction". This would be reflected in the 1995 results.

Earnings per share came out at 3.07p (4.42p) and a proposed final dividend of 1p makes a total of 2p for the year.

Tadpole placing

Tadpole Technology, a supplier of portable computer systems, has placed 1.25m new ordinary shares at 210p each with institutional shareholders.

The company also announced early volume orders for both the P1000 100MHz Intel Pentium based notebook and the SPARCbook 3XP notebook workstation, and the appointment of Mr Peter Higgins, previously with GEC, as a non-executive director.

Clarke, Nickolls

A larger asset base and increased turnover enabled Clarke, Nickolls & Coombs, the property company, to report 1994 pre-tax profits up from £99,000 to £1.21m.

Turnover was higher at £6.37m (£3.78m) with rental income increasing to £4.91m (£2.01m) as a result of the purchase of properties from Channel Hotels and Properties. Net assets per share improved from 7.6p to 8.76p.

Earnings per share were 0.68p (0.16p) and a proposal final dividend of 0.1p makes a total for the year of 0.2p (nil).

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Deutsche Telekom (Germany)	Satelindo (Indonesia)	Telecoms	£371m	Wins fight for 25%
Devro International (UK)	Teepak International (US)	Food processing	£183m	Major strategic move
Vinten (UK)	Sachtler (Germany)	Broadcast equipment	£70.6m	Strengthening sector grip
Hellman & Friedman (US)	Matrix Communications (Australia)	Telecoms	£41.7m	Major stake agreed
John Menzies (UK)	Funsoft (Germany)	Computer services	£25m	Multimedia stake
Morgan Crucible (UK)	Pure Carbon (US)	Speciality materials	£19m	Part of US hat-trick
Novus Petroleum (Australia)	Unit of Monument Oil & Gas (UK)	Oil & gas	£19m	Australian disposal
Dresser Industries (US)	North Sea Assets (UK)	Oil services	£19m	Recommended cash offer
Adwest Group (UK)	Triple A Tube (US)	Auto components	£7.6m	Cash buy
China Strategic Holdings (China)	Bolton Group (UK)	Property	£4.9m	Taking minimum 25%

COMPANIES AND FINANCE

Scandinavia's forestry groups produce more than paper profits

The industry's resurgence has helped drive the economies of Finland and Sweden out of recession, writes **Hugh Carnegy**

The great swathes of forest that cover much of the Nordic countries are producing golden profit streams for the region's big pulp and paper companies.

Almost all the Swedish, Finnish and Norwegian producers, which together account for more than 36 per cent of paper and paperboard consumption in the European Union, have reported dramatic increases in profits for 1994 and they are anticipating bigger earnings yet this year.

In Sweden, Stora, the group controlled by the Wallenberg industrial empire, saw profits rise six-fold to SKr3.2bn ($439m). In Finland, profits at Repola, the country's biggest forestry products group, shot up to FM1.6bn ($365m) last year from a surplus in 1993 of FM29m.

The only exception among the leading producers was Sweden's SCA, which was hit by its exposure to the extreme downstream end of the forestry business. Its profits fell to SKr1.06bn from SKr1.2bn because of problems in its disposable nappy operations. But SCA, which recently became Europe's biggest forestry products group by acquiring Germany's PWA, forecast profits in 1995 of SKr4.5bn-SKr5bn.

The resurgence in the industry – after a severe slump in the early 1990s –, is good news for the economies of Finland and Sweden. Accounting respectively for more than 35 and 18 per cent of Finnish and Swedish exports, the forestry sector has been vital in driving the two countries out of recession.

But the profits flow has largely been greeted with indifference by investors. Instead of an anticipated buying spree as the forestry companies rode a fast-moving upswing in the industry cycle, the sector's shares have performed flaccidly.

Swedish companies have outperformed a weak Stockholm market in recent months, but not by much. In Finland, the forestry groups have underperformed, with Enso-Gutzeit's share price over the past three months lagging the Helsinki market by more than 2 per cent.

James Capel's latest ratings put the Nordic sector's average price/earnings ratio against anticipated 1995 earnings at just 5.6. The multiple for 1997, seen as the peak year in the current cycle, stands at 4.2, compared with 10.7 at the peak of the last cycle in 1989.

"These companies are looking ridiculously cheap at the moment," says Ms Michelle Evans, a pulp and paper analyst at James Capel.

The share price performance belies the considerable optimism within the Nordic industry at present.

At a meeting this week of the Swedish Forestry Industry Association, Mr Lars-Ake Helgesson, chief executive of Stora, insisted that the forestry sector was a modern growth industry, in spite of past worries about its chronically cyclical nature and the potential effects on demand for paper of the growth of electronic media.

"When we look forward to the 21st century, there is reason to do so with optimism and a strong belief in the future," he declared.

Investors may be more cautious given previous slumps in the industry. But they appear to have spurned the Nordic companies mainly for reasons other than their underlying performance. The forestry companies have been victims especially of the general retreat from small markets by international buyers following the Mexican crisis. "These shares are not held back by fundamentals," says Ms Evans.

In the short term, their prospects are certainly bright. Although an increase in demand and prices helped produce the big profits last year, other factors such as improved productivity and lower debt servicing costs were equally important in many cases. The recent dramatic increase in prices for both pulp, the raw material for paper making, and paper itself, was only felt in the last quarter.

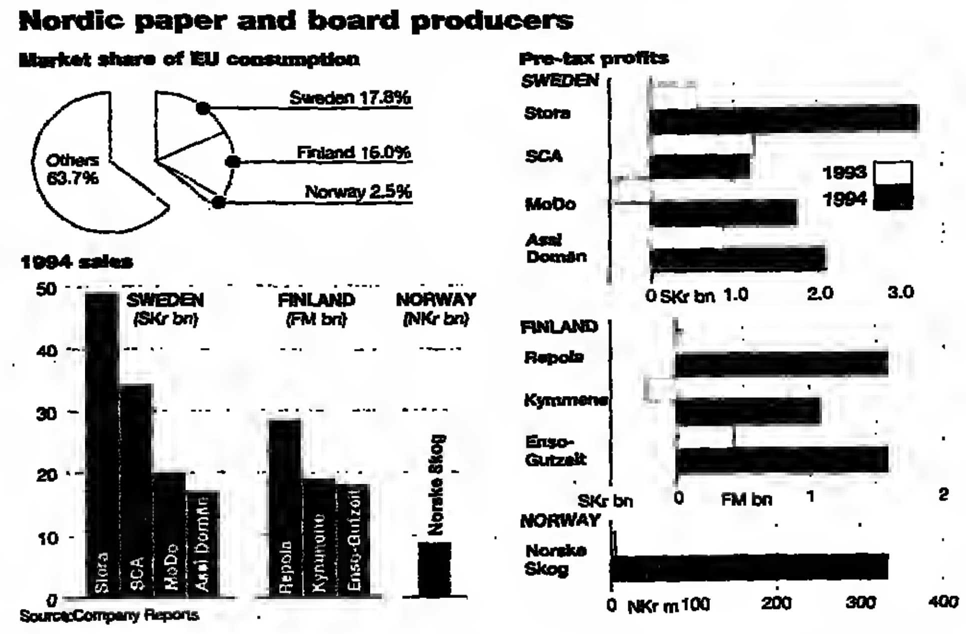
This year, the Nordic forestry companies will reap much more of the benefits of price rises which have seen benchmark pulp prices vault in recent weeks to a record $925 per tonne in Europe, from as low as $390 per tonne in mid-1993. Paper prices have also moved up sharply, with newsprint fetching $600 per tonne compared to $410 per tonne two years ago.

In the 1980s, a similar boom was followed by a painful bust in large part because producers rushed to build new plant, causing severe overcapacity. Part of Mr Helgesson's optimism about the future this time, however, is based on the relatively modest levels of investment now going into new capacity, while worldwide demand for paper is forecast to grow by more than 3 per cent a year up to the year 2010.

Much of the investment emphasis at present is also going into restructuring within the industry – in moves like SCA's acquisition of PWA – which increase efficiency. In the Nordic region, this process is expected to continue.

The biggest question mark is what will happen to the Finnish government's 52 per cent voting stake in Enso-Gutzeit. Metsäliitto, a big co-operative forestry group, is interested in putting Enso together with its own interests. But the government may also listen to foreign bids.

However, the state has shelved plans for a further stock market issue because of the weak state of the Helsinki market.



Source: Company Reports

COMPANIES AND FINANCE

Electrolux postpones Gränges sale

By Hugh Carnegy in Stockholm

Electrolux, the household appliance manufacturer, has postoned the SKr3.7bn ($505m) stock market sale of Gränges, its aluminium and metal working subsidiary, just three weeks after it announced the planned sale.

The setback, which means Electrolux cannot for the time being complete its strategy to dispose of non-core businesses, was a further dramatic sign of waning foreign investor confidence in Sweden.

The country's budget deficit and mounting debt have made it among the hardest hit by turbulence in international markets. Interest rates have risen sharply, the krona has fallen and the stock market has been weak. In January, foreign investors, in recent years heavy net buyers of Swedish stocks, sold SKr1.8bn more equities than they bought.

"The fall of the krona has made many foreign investors hesitant about a transaction of this size," said Mr Leif Johansson, Electrolux's chief executive.

Mr Johansson sought to put a positive shine on the withdrawal of the issue, in which more than 90 per cent of Gränges was to be sold to Nordic, US and international investors.

"I have not at all ruled out that we will come back 'when the weather is better'," he said. "If the uncertainty surrounding the Swedish krona and interest rates stabilises, we could very well think about selling Gränges."

He added that Swedish-based Gränges, which posted a 37 per cent rise in profits in 1994 to SKr446m, was in a profitable phase with good prospects which in the short term would enhance Electrolux's earnings.

But the failure of the issue will deprive Electrolux of a SKr1.8bn capital gain that it had planned to use to strengthen its balance sheet and invest in priority areas. The sale would have largely completed the dismantling of its non-core industrial products division.

Electrolux B shares fell SKr4.5 to close at SKr339 on Friday in a market up more than one per cent on the day.

Last week's slide in German share prices has caused the postponement of the share sale by Schwarz Pharma, a fast growing manufacturer of heart and other drugs, writes Andrew Fisher in Frankfurt.

Deutsche Bank, which will lead the issue – expected to raise around DM250m ($178m) – said it would be delayed because of the "difficult situation" on the German market. Share prices fell by 3 per cent on Thursday and Friday last week due to investors' anxiety over poorer prospects for exporting companies as a result of the strong D-Mark and weaker dollar.

The Schwarz Pharma issue, which the company now hopes will take place in early May, will be one of Germany's largest initial public offerings this year. The largest will be that of SKW Trostberg, a specialty chemicals company owned by Viag, which is expected to raise around DM1bn.

Banks involved in the current SGL Carbon issue, totalling at least DM400m, said they expected no particular difficulties as a result of the stock market decline.

The company, owned by the Hoechst chemicals group, gave details last week of the issue, led by Dresdner Bank and Kleinwort Benson of the UK. The price range for shares under the bookbuilding process, in which investors' share bids are assessed in advance, was set at between DM55 and DM66.

Schwarz Pharma, which had a turnover of DM880m last year and is keen to expand in Europe and the US, said it decided on Friday morning with Deutsche Bank on the postponement.

Mr Patrick Schwarz-Schütte, chairman, said the company – in which the family will retain a majority stake – had no immediate acquisition plans but wanted "to have the right ammunition loaded for when we negotiate a deal".

A press conference on the IPO which had been set for today will now be held when the issue is rescheduled.

Singapore banks register sharp profit rises

By Kieran Cooke in Kuala Lumpur

Singapore's four big banks have reported substantial increases in profits and turnover for 1994, reflecting the continued strong growth of the island republic's economy.

United Overseas Bank (UOB), Singapore's largest financial institution, has reported pre-tax profits up 23 per cent for 1994 to S$829m (US$588m). Interest income rose 21 per cent to S$1.85bn while earnings per share went up 20 per cent to 78 cents.

The Oversea-Chinese Banking Corp, (OCBC) reported pretax profits up 20 per cent at S$753m. Interest income rose 15 per cent to S$1.9bn and the final dividend was unchanged at 11 cents per dollar share.

Analysts say that, while growth at both the leading banks last year was impressive, the short-term outlook is less optimistic, with margins being squeezed and smaller institutions seeking to increase market share.

Pre-tax profit at Development Bank of Singapore (DBS) rose 11 per cent to S$687m. Interest income jumped 26 per cent to S$1.81bn, though the dividend was reduced by 24 per cent to 16 Singapore cents a share.

DBS said net interest income rose due to a larger portfolio of loans plus higher margins. The bank made provisions of S$81m, a 36 per cent increase on the previous year.

The star performer of the banks was the Overseas Union Bank (OUB), the smallest of the four. OUB's pre-tax profit for 1994 rose 33 per cent to S$320m.

Interest income also rose by 33 per cent, to S$992m, while earnings per share advanced by 26 per cent to 36.6 cents. The dividend was raised by 17 per cent to seven cents per share.

Earnings fall 39% at San Paolo di Torino

By Andrew Hill in Milan

Net profit at Istituto Bancario San Paolo di Torino, one of Italy's biggest banking groups, fell by 39 per cent to L388bn ($226m) in the calendar year 1994 as the bank weathered difficult trading conditions.

The board is proposing a full-year dividend of L240 per ordinary share and L264 per preference share, compared with L360 and L396 respectively for 1993.

The Turin group, which in 1993 reported a net profit of L636bn, said it had suffered, like other Italian banks, from the instability of bond and equity markets and narrowing interest margins.

However, it said income had remained relatively stable, if financial components were stripped out, and deposits had risen by 6.3 per cent to L201,821bn. Net consolidated profit was L402bn in 1994.

So far, San Paolo has pursued a softly-softly strategy as the Italian banking sector restructures, preferring not to launch high-profile bids.

However, earlier this month, the charitable foundation which owns San Paolo announced plans to take advantage of new, more flexible laws on bank ownership by giving up its majority control of the bank.

The foundation said it would place "a significant further tranche" of its 74 per cent stake with Italian and foreign investors before the end of 1995.

San Paolo, which operates a national network of more than 1,000 branches, had found itself exposed to some large and heavily indebted Italian industrial groups in the early 1990s.

As a result, it has emerged, for example, as the largest shareholder in Ferruzzi Finanziaria, the financial holding company for the Montedison industrial group. It has a 14 per cent stake in the group, which came close to collapse in 1993.

San Paolo said that its loan policy is now extremely prudent, which helps to explain why overall loans dropped by 10.7 per cent in 1994 to L91,195bn.

The bank said bad and doubtful loans represented 3.6 per cent of total loans at the end of 1994, lower than the average for the Italian banking system.

NEWS DIGEST

Reshape puts Belgian retailer back in the black

A reorganisation at GIB Group, Belgium's largest retailing group, helped the company return to net profits of BFr2.2bn ($75.5m) in the year to January 31 1995 after losses of BFr3.5bn the previous year, writes Caroline Southey in Brussels.

Consolidated group sales were little changed at BFr232bn in spite of an overall fall in consumer demand. Earnings before tax rose by 12 per cent from BFr3.8bn to BFr4.2bn. Cashflow stood at BFr7.9bn compared with BFr7.6bn.

The company said 1994 had marked a "turning point" following the implementation of a restructuring plan under which all group chains were reorganised as independent subsidiary companies with decentralised managements.

Pepgro plans R208m rights issue

Pepgro, the holding company that controls Pepkor, South Africa's largest retailer, has announced plans to raise approximately R208m ($58m) through a renounceable rights issue, writes Mark Suzman in Johannesburg.

The money will be used to cover the company's existing borrowings of around R90m which resulted from Pepkor's acquisition of British retail group Brown and Jackson last year, with the remainder being used by Pepgro to increase its holding in Pepkor.

The rights will be issued to shareholders in the ratio of 12 new ordinary shares for every 100 shares held at a price of R20 a share.

BHP coal contract talks break down

BHP, the Australian resources group, said that key annual coal contract negotiations with Japanese steel mills had broken down, and that the two sides would be adjourning the talks for about two weeks, writes Nikki Tait in Sydney.

This is the fourth round of negotiations to stall since late last year, and the new contract period starts on April 1. The Australians have been arguing for a rise of at least US$5.90 a tonne for coking coal on the grounds that market conditions are improving and supplies have tightened. This would amount to a rise of about 12 per cent - the first increase for four successive years.

Foreign operations boost VAE results

VAE, the Austrian rail maker, has reported that strong growth in foreign operations lifted its 1994 group earnings by 49 per cent. The former subsidiary of state-owned steel group Voest Alpine, which was fully privatised through a public share offering last November, said its profit climbed to Sch121m ($12m) from Sch81m in 1993, writes Eric Frey in Vienna.

Group sales slipped to Sch1.64bn in 1994 from Sch1.70bn because of VAE's withdrawal from the rail trading market and currency fluctuations, Mr Mohamed Kaddoura, the finance director said.

Sales at foreign subsidiaries jumped 37 per cent to Sch624m, while domestic sales fell 10 per cent, he added. Earnings per share rose only slightly to Sch80 from Sch79 because of an increase in the group's share capital.

Brambles joins forces with Lend Lease

Brambles, the Australian transportation company, is formally joining forces with Lend Lease, the financial services group, to look at the possibility of bidding for airports which Australia's federal government is planning to privatise, writes Nikki Tait.

The Labor government outlined the sale of the 22 airports last year and secured support from its rank and file members at a party conference in September.

Details of how the sale will take place have yet to be finalised, and the matter is likely to come before federal cabinet next month.

It was originally hoped that the sale might raise around A$2bn (US$1.46bn), although some concessions demanded in return for party support may have affected the price tag. It was agreed, for example, that where possible airports will be sold individually, and on 50-year leases rather than freehold.

Among the other potential buyers rumoured to be interested are BAA, the UK-based airports operator.

Loss on share trading hits Orient Overseas

A substantial loss in share trading and a reduced level of exceptional gains led to a 56.6 per cent fall in net profits of Orient Overseas (International), the Hong Kong container shipping line controlled by Mr C.H. Tung, to US$59.5m from US$137.2m in the year to December, writes Simon Holberton in Hong Kong.

The company said that it had incurred loses of US$30m on the group's investment portfolio, compared with a profit of US$41.8m in 1993.

This loss detracted from what was the group's best year at the operating level for a decade. Profits before financing charges were US$75.6m compared with US$25.6m in 1993.

Mr Tung said that last year the group invested US$50m in China projects, bringing its total investment to US$64.5m.

The dividend for the year is US$1.61, which included 65 cents at the interim stage and represents an increase of 24 per cent over 1993.

Independent puts De Benedetti unit in the red

Editoriale L'Espresso, the Italian publishing group which is part of the De Benedetti family business empire, was pushed into the red in the year to December 1994 by the L24bn ($14m) cost of its support for The Independent, the British daily newspaper, writes Andrew Hill in Milan.

The Italian group sold its 20 per cent stake in Newspaper Publishing, which publishes The Independent and The Independent on Sunday, on March 22 to Mirror Group Newspapers and Independent Newspapers, the Irish media group.

L'Espresso – which publishes the weekly magazine of the same name, and controls La Repubblica, one of Italy's best-selling dailies – announced a net loss of L11.4bn for the calendar year 1994, compared with a profit of L36.2bn a year earlier.

China Assets 'would welcome' meeting

By Simon Holberton in Hong Kong

China Assets, the investment trust put in play by Regent Pacific, the aggressive Hong Kong fund manager, said it would welcome an extraordinary general meeting of shareholders as threatened by Regent.

Mr Lao Yuanyi, executive vice-president of China Venturetech Investment Corp, accused Regent of being a "flip-fund speculator looking for a 'quick return'" with no expertise in managing manufacturing investments in China.

He said he welcomed the opportunity of a meeting of shareholders to explain to them the company's plans. He also said that, after talking to shareholders himself, he believed Regent's claim to have the support of shareholders who controlled 30 per cent of the company was "groundless".

Regent recently acquired a 10.2 per cent stake in China Assets. It alleges that China Assets is poorly managed.

Regent said two weeks ago that it would call an extraordinary general meeting of shareholders to propose the management be sacked and replaced by Regent. It wants the company's cash distributed to shareholders and its investments sold over the coming three years.

China Venturetech is an 11 per cent shareholder. It also controls the management company which manages China Assets' investments.

Mr Lao admitted that mistakes had been made but said management had learned from them. China Assets had many good investments in Chinese industry and some of them were approaching the stage where stock exchange listings could be considered, he said.

"We are at the point of a good harvest," he said. "They claim to know how to liquidate investments in China. I wish they would tell me how, I might learn something."

Prices of electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 28.03.95: Pool purchase price £/MWh	Final Prices for Trading on 28.02.95: Pool purchase price £/MWh	Pool selling price £/MWh
0030	6.03	8.00	9.00
0100	-.-	10.06	10.48
0130	-.-	10.44	10.85
0200	11.10	10.44	10.85
0230	11.10	10.44	10.85
0300	11.10	10.44	10.85
0330	8.32	10.44	10.85
0400	8.03	10.44	10.85
0430	8.03	8.95	8.95
0500	8.79	8.80	8.80
0530	8.15	8.67	8.67
0600	8.12	8.80	8.80
0630	8.12	8.79	8.79
0700	8.12	8.79	8.79
0730	8.12	8.79	8.79
0800	8.12	8.78	8.78
0830	8.12	8.78	8.78
0900	8.12	8.80	8.80
0930	8.12	6.03	6.44
1000	8.03	6.03	8.44
1030	8.03	8.06	8.47
1100	8.03	8.06	8.47
1130	8.03	8.06	6.47
1200	7.96	15.75	16.16
1230	7.96	10.07	10.48
1300	7.96	18.75	19.18
1330	8.03	15.75	16.18
1400	8.03	8.06	8.47
1430	6.03	6.03	8.44
1500	8.12	8.95	8.95
1530	8.06	8.95	8.95
1600	8.07	8.94	8.94
1630	8.07	8.87	8.87
1700	8.08	8.80	8.80
1730	8.11	8.93	8.93
1800	8.11	18.75	18.16
1830	8.12	11.36	11.78
1900	8.14	28.50	29.91
1930	8.03	28.50	29.91
2000	7.96	15.75	16.18
2030	7.96	10.63	11.04
2100	7.96	10.63	11.04
2130	7.96	10.63	11.04
2200	7.96	8.06	8.47
2230	7.96	6.03	8.44
2300	6.03	8.80	8.80
2330	8.03	8.80	8.80
2400	8.03	8.80	8.90

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major amendment) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0116 245 6789 between 8.30am and 5.15pm Monday to Friday.
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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 27.03.95: Pool purchase price £/MWh	Final Prices for Trading on 27.02.95: Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.12	8.00	9.00
0100	8.12	6.06	8.32
0130	6.03	15.75	18.01
0200	6.03	15.75	16.01
0230	7.96	10.63	10.89
0300	7.96	11.30	11.56
0330	7.96	11.30	11.56
0400	7.98	10.46	10.72
0430	8.03	8.94	8.94
0500	8.03	8.79	8.79
0530	8.19	8.78	8.78
0600	8.12	8.19	8.19
0630	8.12	8.78	8.78
0700	8.78	8.89	8.89
0730	15.79	8.04	8.31
0800	10.68	10.80	10.89
0830	11.18	10.42	10.78
0900	17.62	12.57	13.18
0930	12.97	12.34	13.14
1000	14.03	18.78	17.69
1030	18.89	16.80	17.72
1100	18.73	16.81	17.73
1130	18.73	17.04	18.02
1200	18.70	17.28	18.33
1230	18.50	16.94	17.88
1300	13.72	12.64	13.42
1330	12.70	12.53	13.08
1400	12.54	11.18	11.68
1430	17.46	8.48	8.88
1500	11.19	8.37	8.75
1530	11.18	8.33	8.69
1600	11.18	8.78	9.31
1630	11.22	12.43	13.31
1700	11.23	19.43	21.39
1730	9.13	22.04	25.45
1800	15.84	33.31	38.79
1830	8.97	39.90	45.60
1900	8.90	35.33	39.88
1930	8.85	19.89	22.20
2000	13.62	13.18	13.92
2030	8.08	8.16	8.47
2100	12.57	8.06	8.32
2130	8.04	8.82	8.82
2200	13.50	8.79	8.79
2230	8.60	8.15	8.15
2300	8.80	8.12	8.12
2330	8.79	8.09	8.09
2400	8.75	8.03	8.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major amendment) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0116 245 6789 between 8.30am and 5.15pm Monday to Friday.
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FINANCIAL TIMES
MARKETS
THIS WEEK

Global Investor / Bronwen Maddox

New fashion for French equities

Attempts to be optimistic about French equities have been confounded repeatedly in the past two years. Nonetheless, the past two weeks have seen strong buying of French shares, after months of underperformance. This time, the buyers may be right. But their case will be stronger if the winner of next month's elections does not rush to defend the franc if German interest rates rise later in the year.

On the face of it, there is little problem making a case for French equities based simply on earnings growth. Brokers are predicting a rise of more than 25 per cent in industrial earnings in 1995, and more than 20 per cent in 1996. Many leading stocks are now trading at a discount to their European counterparts. While the French CAC40 Index traded at a premium to the German DAX for most of the period 1989 to 1992 on the basis of price-earnings ratios, it has been at a discount for most of 1995.

The greatest threat to this picture, however, is the recent strength of the franc against other European currencies, apart from the D-Mark. As the foreign exchange team at broker BZW point out, France is more dependent than Germany on trade with countries particularly affected by the recent currency turmoil. As much as 28 per cent of its exports go to Italy, Spain, Portugal and the UK, compared with 20 per cent of Germany's.

The low rises in French wages in the past two years have gone some way to improve long-term competitiveness. But the car manufacturing unions have recently demonstrated their ability to push pay settlements above the rate of inflation. If present currency levels are maintained, the loss of French competitiveness could dent earnings forecasts.

However, many strategists appear to be assuming continued strength of the franc after the election (the first round is on April 23, the second on May 7). Many – with the notable exception of those at BZW – appear also to assume that the franc will then smoothly regain the value it has recently lost against the D-Mark.

Clearly, ahead of the election the currency can be defended against speculation with higher short-term interest rates. But the franc's strength against the currencies of France's main competitors has made policy decisions for the election's winner much tougher. Some investors are arguing that if the Bundesbank tightens monetary policy in the second half of the year, it is not clear that France will follow, despite its past determination not to devalue the central rate of the franc against the D-Mark.

The incoming president will face an unenviable choice between maintaining the *franc fort* policy and an immediate improvement in competitiveness with neighbour countries. Unemployment, now more than 12 per cent, has played a central part in the election campaign of Mr Jacques Chirac, who is now firmly, if suddenly, ahead in the polls.

It is unclear whether, if he wins, jobs could take precedence over the currency – and over the need to cut the budget deficit back to levels compatible with the Maastricht criteria. In his pre-election statements, Mr Chirac has not explained how those conflicts are to be resolved.

There are also residual concerns about the vulnerability of the banking sector to further interest rate rises and to the consequent fall in the value of property, after the experience of Compagnie Financière de Suez and Crédit Lyonnais.

The sharp recovery expected in the rest of the sector's earnings this year, after a dismal 1994, offers some comfort. Fox-Pitt Kelton, brokers specialising in the international analysis of financial stocks, argue that the balance sheets of the leading French banks are strong enough, and the current level of provisioning high enough, to calm such fears.

According to its analysis, property development loans at the end of 1994 made up only 1.9 per cent of the total loans of Banque Nationale de Paris; 4 per cent of those of Crédit Commercial de France, and 2.4 per cent of Société Générale's (the figures are for French exposure only in the case of BNP and SocGen).

But although the Fox-Pitt analysis concludes that even "aggressive" further provisioning "would not diminish equity ratios below acceptable minimum levels" and that "medium-term earnings power would not be affected", its analysts acknowledge that important areas of uncertainty remain.

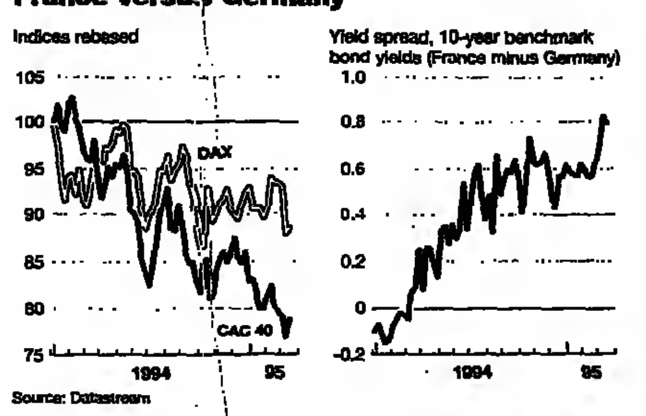
In particular, it is not clear how much of the banks' collateral for all kinds of loans consists of property. Mr Chris Williams of Fox-Pitt also says: "There has been inadequate disclosure of the level of non-performing and doubtful loans." He adds that "we know very little about the provisioning level throughout the cycle".

He argues that Suez's write-down of loans in 1994, after several years of steady decline in property values, shows that "regulators may have allowed banks to avoid provisioning in the short-term in the hope that there would be an improvement in the value of their collateral".

Those uncertainties about banks' resilience could add to reluctance to raise interest rates. (They also go some way to dent the enthusiasm for financial shares which brokers are starting to display.)

However, those concerns may also increase the attractions of other sectors of equities by encouraging policies which favour exports. The greatest threat to the current rally in equities is the strength of the franc, and the damage that it could do to earnings expectations. Even when the outcome of the election is known, the choice of policies may remain unclear for some time. But the bulls in the equity market may find it suits their case if the currency is allowed to take some of the strain.

France versus Germany



Source: Datastream

Total return in local currency to 23/3/95

	US	Japan	Germany	France	Italy	UK
	% change over period					
Cash						
Week	0.12	0.04	0.09	0.15	0.20	0.10
Month	0.51	0.19	0.42	0.46	0.76	0.55
Year	4.56	2.44	6.44	5.94	6.25	5.31
Bonds 3-5 year						
Week	-0.32	0.68	0.51	0.12	0.00	0.12
Month	1.66	2.76	1.99	0.31	-2.03	1.59
Year	3.05	6.18	4.54	1.80	0.50	3.26
Bonds 7-10 year						
Week	-0.84	1.54	-0.06	0.08	-0.03	-0.18
Month	1.95	4.70	2.34	1.18	-3.98	2.25
Year	2.33	7.66	2.54	-2.18	-8.15	1.92
Equities						
Week	0.1	-4.2	-2.7	0.9	-2.5	1.5
Month	1.9	-9.8	-8.2	-1.0	-6.3	3.1
Year	9.3	-21.9	-10.9	-14.7	-8.2	2.0

Source: Cash & Bonds - Lehman Brothers. Equities-© NatWest Securities.
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Economics Notebook / Peter Norman

Old idea comes up for an airing

An appealing aspect of international monetary affairs is the way old ideas never die. Aficionados have lost count of the times such exotica as target zones for currencies or plans to boost global liquidity through abstruse financial instruments such as special drawing rights have soared up the international agenda only to fade away again.

It comes as no surprise, therefore, that this year's currency upheavals have revived ideas for clamping down on foreign exchange market speculation.

With typical Gallic enthusiasm for more stable exchange rates, President François Mitterrand of France and the three main candidates in the French presidential election campaign have all urged measures to control currency turbulence. Less specifically, Mr Jacques Santer, the European Commission president, has called on the Group of Seven leading industrial countries to restore order to the world's monetary system. Even Canada, for many years the strongest backer of floating exchange rates, wants "a fundamental reform of the international financial system" on the agenda of the June G7 economic summit in Halifax, Nova Scotia.

International monetary reform seems a tall order for a discordant bunch like the G7. But a strong head of steam, fuelled by academic economists, has formed behind ideas for putting some "sand in the wheels of international finance".

Two broad approaches stand out. One is a tax on currency transactions, structured to discourage short-term speculation while allowing long-term cross-border investments. This was first proposed in the 1970s by Professor James Tobin, the US Nobel prize-winning economist, and has been taken up by Mr Lionel Jospin, the French socialist party candidate, and backed by President Mitterrand.

The other approach, involving compulsory deposits, appears to have caught the eye of Mr Edouard Balladur, French prime minister and presidential candidate.

Deposit schemes can be complex. Typical was a recent proposal of Mr Barry Eichengreen of the University of California at Berkeley and Professor Charles Wyplosz of the Insead business school near Paris. Banks and other institutions conducting foreign exchange dealings on their own account should make deposits of domestic currency at zero interest with their central bank which would be equivalent to a set proportion of their net positions in foreign currency, they said.

But such deposit requirements have been tried in the past and been found wanting. Germany applied similar measures in the dying days of the Bretton Woods system of fixed but adjustable exchange rates in the early 1970s. They were easily circumvented and failed to damp speculative movements of funds.

More recent experiences, such as Spain's use of compulsory deposits in the European currency crises of 1992, are not encouraging. In the January issue of the Economic Journal, Mr Peter Garber of Brown University in the US and Mr Mark Taylor of Liverpool University in the UK said the restrictions "not only affected foreign exchange speculation but also seriously limited financial operations and risk hedging associated with foreign trade".

The transactions tax is deceptively simple. A 0.5 per cent tax, as suggested recently by Prof Tobin, or a 0.1 per cent levy on short term movements as proposed by Mr Jospin, would be a negligible impost on long-term capital movements but a significant burden on short-term transactions. In this way, advocates say, it would create room for differences in national interest rates and so expand the autonomy of national monetary policies.

But in order to work, a transactions tax would have to apply in every country in the world. Otherwise, financial centres where the tax was applied would find that foreign exchange dealing moved elsewhere. Given the importance of the City of London, it is impossible to imagine any British government approving such a scheme.

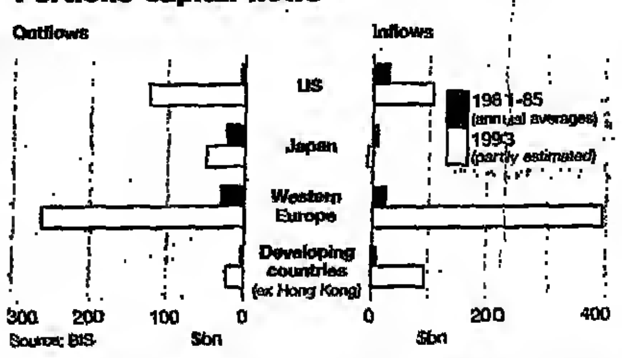
Moreover, the sheer scale of cross-border transactions makes any idea of controlling speculation through taxation a daunting prospect. The illustration shows how annual portfolio capital flows have jumped in a decade. The daily turnover on global foreign exchange markets has multiplied many times more - to an estimated $1,000bn a day. At that rate, turnover on the foreign exchanges in a five-day working week is equivalent to a full year's exports worldwide of goods and services. United Nations figures equate foreign exchange turnover in 24 working days to a full year's output of world goods and services.

If ever introduced, a global transactions tax could present the world with the problem of a gusher of revenues and no clearly accountable way of spending the funds. An abiding difficulty would be distinguishing between transactions conducted for long-term investment purposes and short-term speculation. Nor would the tax necessarily deal with speculation: the devaluation of the Mexican peso since December, for example, has been so large that speculation could still have been worthwhile with tax or deposit schemes in place.

Little wonder that, outside France, few policymakers see merit in curbing speculation through taxes or compulsory deposits. Mr Otmar Issing, the Bundesbank's chief economist, summed up the mood of many last week when he dismissed such ideas as unmanageable, impractical and discriminatory.

He told reporters in Amsterdam: "A tax on exchange transactions keeps reappearing like the Loch Ness monster. Forget it."

Portfolio capital flows



Source: BIS

COMMODITIES

Cocoa threat confronted

Cocoa producers, who have seen prices for their produce languish for the past year in spite of a continuing fall in world stocks, will this week confront one of the biggest threats to their future prosperity.

A three-day conference entitled "The Use of Vegetable Fat Other than Cocoa Butter in the Manufacture of Chocolate" begins tomorrow in Abidjan, capital of the Ivory Coast. Speakers will include representatives of the International Cocoa Organisation (ICCO), the Dutch Cocoa Association and the Consumers' Consultative Group.

The increasing use of cheaper alternatives to cocoa butter makes good financial sense but growers fear that, apart from hitting the demand for their produce, it will reduce the quality of chocolate and so damage overall demand in the longer term.

In a statement issued last week the ICCO was decidedly downbeat about the outlook for cocoa prices. "The prospects are that the general level of prices during the remainder of the decade, although expected to be higher than recent values, will be well below the mean value in real terms over the last 30 years."

The organisation said it expected cocoa demand to continue outpacing supply, but with both growing more slowly. It saw average annual production growth of 0.4 per cent in the 1990s, compared with an average of 4.1 per cent in the 1980s. Consumption was forecast to grow at 1.4 per cent a year in the 1990s, against 4.1 per cent in the 13 years to 1990-91.

● Other events this week include a two-day conference starting in Johannesburg tomorrow on mining research and technology. Speakers will include Mr Marcel Goldman, the African National Congress's chief mining spokesman. On Wednesday the US Aluminium Association will begin its three-day spring meeting in Washington, and on Thursday Rabobank Nederland is holding a grains conference in Madrid.

FT-ACTUARIES WORLD INDICES

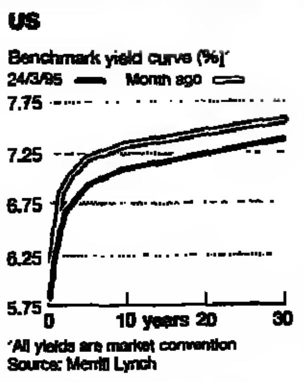
Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. In conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY MARCH 24 1995 US Dollar Index	%chg since 30/12/94	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 30/12/94	Gross Div. Yield	THURSDAY MARCH 23 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	160.18	-8.7	148.05	89.83	117.64	146.25	-0.6	4.06	158.78	147.73	88.48	115.70	145.63	180.82	157.95	174.27
Austria (16)	183.85	0.6	171.10	103.11	135.04	186.00	-8.3	1.20	185.38	172.46	103.29	135.07	185.02	199.89	187.46	189.93
Belgium (35)	174.36	3.5	162.27	87.79	128.07	125.29	-5.2	4.27	175.71	163.47	87.91	128.03	125.46	180.87	161.53	168.71
Brazil (28)	121.55	-25.5	113.11	68.17	89.28	208.15	-20.1	1.57	115.27	107.24	64.23	83.98	192.55	-	-	-
Canada (103)	134.44	3.9	125.11	75.40	98.75	186.61	4.0	2.56	133.27	123.98	74.26	97.10	195.71	140.25	120.54	136.80
Denmark (33)	257.44	2.2	239.58	144.38	189.09	188.52	-6.7	1.60	259.08	241.01	144.35	188.78	197.66	275.27	236.81	261.17
Finland (24)	172.50	-7.2	160.53	96.74	126.70	159.59	-13.7	1.56	174.68	162.49	97.32	127.26	160.73	201.41	133.88	145.82
France (101)	171.34	4.8	159.45	96.09	125.85	133.60	-2.4	3.20	168.33	157.53	94.35	123.38	132.17	180.93	157.79	174.26
Germany (58)	142.25	0.4	132.38	79.78	104.48	104.48	-8.5	2.12	144.85	134.79	80.71	105.54	105.54	154.61	132.08	138.81
Hong Kong (56)	341.58	4.7	317.88	191.57	250.89	339.09	4.7	3.86	341.66	317.86	190.36	248.95	339.14	418.42	277.40	386.75
Ireland (16)	210.22	1.8	185.63	117.90	154.41	185.84	-1.2	3.82	209.47	194.88	116.72	152.63	185.01	217.10	177.56	188.53
Italy (58)	67.58	-9.9	62.87	37.89	49.62	86.79	-4.4	1.90	66.30	61.98	38.94	48.31	85.55	97.76	65.45	76.18
Japan (484)	140.13	-10.7	130.41	78.59	102.93	78.59	-20.6	0.97	142.13	132.23	79.20	103.56	79.20	170.10	138.96	152.06
Malaysia (97)	470.20	-1.9	437.58	263.71	345.37	460.97	-2.2	1.71	469.38	436.68	261.55	342.01	460.94	594.79	398.18	457.98
Mexico (18)	790.34	-44.2	735.97	443.54	580.97	5935.84	-22.2	1.83	718.81	668.69	401.08	524.47	5584.13	2414.12	647.81	2188.23
Netherland (19)	228.30	4.9	212.46	128.04	167.69	165.00	-4.3	3.74	228.75	212.82	127.47	166.68	164.09	232.41	191.28	197.13
New Zealand (14)	72.57	3.1	67.53	40.79	53.38	59.34	1.5	4.97	72.39	67.35	40.34	52.76	58.34	77.20	62.05	66.38
Norway (23)	205.18	-3.7	190.96	115.08	150.71	175.18	-10.5	2.25	206.06	191.72	114.83	150.18	175.06	216.03	177.53	189.93
Singapore (44)	350.19	-6.1	325.89	196.40	257.22	229.32	-8.5	1.87	355.66	330.88	198.18	259.15	231.88	401.38	297.62	309.61
South Africa (59)	333.35	-1.0	310.22	186.96	244.85	283.12	-12.3	2.59	336.48	313.04	187.49	245.17	264.76	342.00	205.55	263.42
Spain (38)	124.26	-8.8	115.64	69.69	91.27	122.15	-7.2	4.62	124.10	115.45	69.15	90.42	121.45	150.21	124.10	144.21
Sweden (48)	235.09	0.8	216.77	131.84	172.87	254.86	-0.8	2.23	233.21	216.96	129.95	169.92	251.93	247.40	189.70	218.14
Switzerland (47)	177.75	7.6	165.42	99.69	130.56	129.04	-3.7	1.90	176.45	164.18	98.32	128.57	127.00	179.88	149.81	163.45
Thailand (46)	139.12	-12.0	129.47	78.02	102.18	133.38	-13.5	3.10	140.63	130.88	78.36	102.47	134.81	-	-	-
United Kingdom (203)	203.31	4.3	189.20	114.02	149.33	189.20	2.5	4.32	202.32	188.22	112.73	147.42	188.22	205.58	181.11	191.78
USA (511)	204.70	9.0	190.49	114.80	150.35	204.70	8.0	2.77	202.85	188.53	112.82	147.68	202.55	204.70	178.95	189.21
Americas (580)	187.36	7.5	174.36	105.08	137.61	157.43	8.0	2.74	188.31	172.40	103.26	135.02	155.78	-	-	-
Europe (719)	173.16	2.5	161.17	97.18	127.21	148.90	-2.5	3.30	172.79	160.75	96.28	125.90	146.15	176.01	160.59	187.18
Nordic (128)	224.50	0.0	208.92	125.91	164.89	201.98	-4.1	2.00	224.27	208.64	124.96	163.40	201.18	235.72	197.70	207.17
Pacific Basin (809)	148.89	-9.4	138.56	83.50	109.36	88.77	-17.6	1.35	150.65	140.18	83.98	109.77	89.35	176.86	145.93	160.86
Euro-Pacific (1528)	158.92	-4.3	147.89	89.18	116.72	110.71	-11.3	2.23	159.79	148.66	89.03	116.42	110.85	175.14	164.73	163.32
North America (614)	200.34	8.8	186.44	112.38	147.15	200.05	8.8	2.76	198.35	184.53	110.52	144.52	198.09	200.34	175.67	186.06
Europe Ex. UK (516)	153.56	1.5	142.91	86.12	112.79	123.67	-5.2	2.71	153.44	142.75	85.50	111.80	123.04	158.19	144.12	150.15
Pacific Ex. Japan (325)	233.30	-1.6	217.87	131.18	171.30	207.31	-0.8	3.29	233.75	217.46	130.25	170.32	207.43	273.13	211.18	248.99
World Ex. US (1736)	159.65	-4.6	148.57	89.54	117.26	114.09	-11.2	2.24	160.34	149.17	89.34	116.83	114.18	176.85	155.42	164.86
World Ex. UK (2044)	170.41	-0.3	158.59	95.57	125.17	135.75	-5.0	2.24	170.30	158.43	94.89	124.09	135.32	178.59	163.46	170.12
World Ex. Japan (1763)	192.43	4.8	179.08	107.92	141.34	179.90	3.0	2.98	191.14	177.83	106.51	139.27	178.55	192.43	176.34	184.54
The World Index (2247)	173.28	0.1	161.26	97.18	127.27	140.37	-4.3	2.44	173.10	161.03	96.45	126.12	139.89	180.80	165.92	172.04

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local); Brazil, Thailand and Americas: Oct 31, 1994 = 180.44 (US $ Index), 164.07 (Pound Sterling) and 149.94 (Local).

WORLD BOND MARKETS: This Week

NEW YORK — Tony Jackson



The markets are generally convinced that the Fed will not raise rates at its meeting tomorrow. Indeed, many think it will not move at its next meeting in two months' time. There is a growing feeling that the rosy scenario of slowing growth and restrained inflation is assured. The risk of upset if the market has it wrong is correspondingly obvious, and the tone of the Fed's statement will be carefully scrutinised.

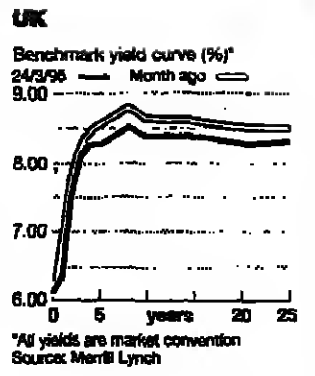
There will not be much evidence this week in the form of economic data. Existing and new home sales are due today and Wednesday, while Tuesday brings the consumer confidence index for March.

On Friday comes the most potentially interesting figure, the final GDP number for the fourth quarter; the market expects, however, that the preliminary figure of 4.6 per cent will be unchanged.

Against this quiet background, tha main thing to watch will be the dollar. Last week's rise in the trada deficit was unsettling, given that exports fell and imports rose despite the weakness of the currency - and indeed, despite a temporary improvement in the US/Japan balance as a result of the Kobe earthquake.

The assumption remains that the Fed does not believe in moving interest rates for any non-domestic reason. The snag is that the combination of a falling dollar and rising imports risks being inflationary in itself.

LONDON — Conner Middelmann



In the absence of significant data releases this week, the UK government bond market's main focus will be on Wednesday's gilt auction and the policy meetings of central banks in Germany and the US.

The Bank of England plans to auction £2bn of the 8 per cent gilts due 2015, adding to an outstanding tranche which was trading at 96⅔ late on Friday, yielding 8.31 per cent.

Dealers said that they expect most of the issue to go to domestic investors, with foreigner buyers discouraged by continued currency volatility, in spite of sterling's recovery last week against the German currency to DM2.25 from the all-time low of DM2.1890 reached on the previous Friday.

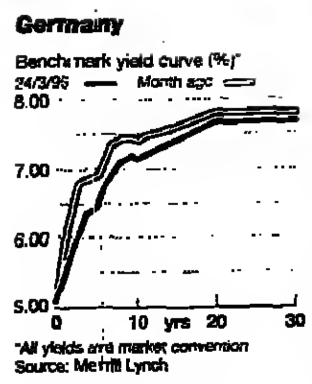
Ahead of the auction, dealers expect gilts to stay in a narrow range, with a slight downward bias.

"With £2bn of stock hanging over us and not a huge number of buyers, the perception is that the market will drift," said a London gilts dealer, adding that the UK market could under-perform its German counterpart.

The UK 10-year yield spread over Germany closed on Friday at 145 basis points.

Meanwhile, neither the Bundesbank nor the Federal Open Market Committee are widely expected to act on interest rates at their meetings, which are scheduled for Tuesday and Thursday, respectively.

FRANKFURT — Andrew Fisher



With currencies in turmoil and financial markets nervous, the Bundesbank's actions (or potential actions) are being scrutinised more closely than ever.

At this week's council meeting, a change in interest rates does not seem to be on the cards but the robustness of the D-Mark has altered the scene.

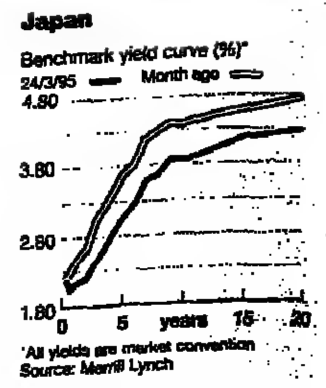
With exporters suffering under the strong currency, economic forecasts are being scaled back. A slight cut in interest rates, unchanged since last summer, could possibly be justified. But annual inflation is not down to the Bundesbank's target of 2 per centrate and pay settlements are higher than it would like.

Mr Hans Tietmeyer, Bundesbank president, last week said that, while the higher D-Mark reduced the scope for price rises, "our monetary policy cannot and should not simply be oriented to short-term exchange rate devalopments".

However, he added that lasting changes in international competitiveness also had to be considered. While this seems to rule out a rate cut, some doubt remains.

The domestic monetary scene is not the only concern for the bond market. Much will depend on US interest rates. The Bundesbank, says Mark Cliffe, of HSBC Markets, "makes no secret of its belief that the dollar is a problem for the US to deal with".

TOKYO — Emiko Terazono



Although continued expectations of an imminent cut in the official discount rate are likely to provide the bond market with underlying support this week, growing cautiousness has started to prevail among investors.

Position adjustment prompted selling at the end of last week and the yield on the 10-year benchmark government bond, which fell to 3.75 per cent in intra-day trading, closed at 3.82 per cent.

Participants are expected to remain sidelined ahead of the ministry of finance's 10-year bond auction early this week. The coupon is expected to be 40 to 50 basis points lower than that of the March bond and some traders reckon this may be too low for domestic institutions.

The spate of economic statistics released in the latter half of the week could boost sentiment, however, since the effects of the January earthquake will be reflected in the data. Industrial production figures for February will be released on Thursday, while February employment data and the consumer price index are scheduled for Friday.

Meanwhile, the Bank of Japan is expected to try to ease the upward pressure on short-term interest rates due to fiscal year-end funding operations by the banks. Further weakness on the Tokyo stock market would also prompt the bank to ease short-term rates.

Government bonds

All eyes on the Fed and the Bundesbank

The US Federal Reserve and Germany's Bundesbank are both holding policy meetings this week which could shed light on the direction of interest rates on both sides of the Atlantic over the coming months.

Although analysts do not expect any rate changes to be announced after tha Federal Open Market Committee (FOMC) meeting tomorrow or the Bundesbank's meeting on Thursday, any comments on economic growth or inflation will closely monitored.

Signs of a slowdown in US economic growth have fuelled the rise in US Treasuries in recent months. However, economists are divided about the underlying strength of the economy and whether the recent bond market rally is sustainable.

While most economists see the long bond trading near 7 per cent by the end of the year, many believe yields will bounce up from recent lows in the next three to six months before a true rally begins.

Whatever the opinion of economists, the market itself has taken an extremely bullish turn since last November, when the long bond yield hit 8.16 per cent. Since then the yield has dropped 80 basis points, hitting a low of 7.36 per cent last Friday as investors bet that the Federal Reserva could navigate a "soft landing" for the economy.

In November'a bear market, investors ignored lower than expected economic data to focus on underlying signs that the economy was strong. Now the reverse is true, and of late investors have ignored signs of strength, such as lower than expected jobless figures, and focused on the fact that the hours worked did not increase.

Ms Rosanna Cahn, an economist at CS First Boston in New York, believes the market has moved ahead of itself as investors have rushed to get in while yields were relatively high.

However, the current yield levels are not justified by the underlying strength of the economy, she says. In her view, it will take another round or two of monetary tightening to bring the economy to the Federal Reserve's target growth rate of about 2.5 per cent a year.

Even more bearish is Mr Joseph McAlinden, chief investment officer at Dillon Read, who recommends holding cash because he thinks long bond yields are headed back over 8 per cent after a spurt of consumption growth in the second quarter.

While Mr John Lipsky, chief economist at Salomon Brothers, concurs that consumption is likely to increase, he does not see the yield pushing much over its current range near 7.5 per cent. In large part, this is because by the time consumption picks up, another round of monetary tightening will ensure that economic growth is moving in the opposite direction.

The US economy is also of concern to bond analysts in Europe, because any further gains in Treasuries on the back of a slowing economy are likely to feed through into European bonds.

"The markets over here will be looking for hints on tha Fed's thinking about the slowdown in growth and about interest rates," says Ms Ros Lifton, senior economist at Daiwa.

At the same time, European bond markets, Germany's in particular, are looking for signs that economic growth is slowing. Although the strong D-Mark is likely to offset Germany's rather disappointing inflation figures, it is also seen as the main brake on Germany's export-led economy.

Germany's Federation of Chambers of Commerce recently cut its 1995 forecast for west German GDP from 3 to 2 per cent and HSBC Markets revised its 1995 forecast from almost 3 per cent to around 2¼ per cent and for next year from 3¼ to 2.8 per cent. Downward revisions are also expected from Germany's six economic institutes.

"GDP numbers have a bigger impact on market psychology than expectations of what the Bundesbank will do on interest rates," says Mr Julian Jessop, international economist at HSBC Markets.

Yields on 10-year German bunds could well drop below 7 per cent in the near term from the current level of around 7.15 per cent. Some predict 6¾ per cent by the year-end.

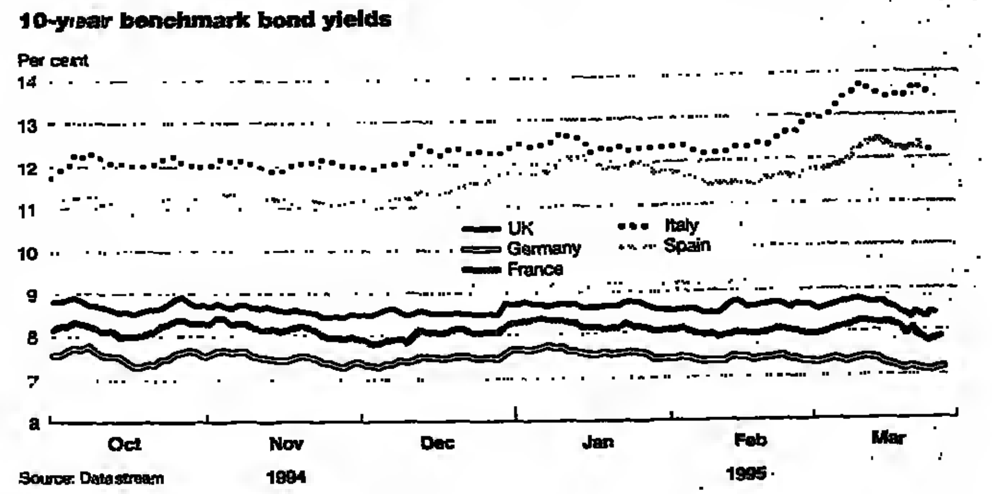
Whereas the strong D-Mark has benefited the bund market, the weakening dollar has been a concern for the US Treasury market, economists say. Although the currency market has yet to exert a strong negative pull on bonds, many analysts believe the falling dollar could prove inflationary and may deter foreigners from investing in US securities.

Mr Robert Brusca, chief economist at Nikko Securities, thinks the market is sailing in dangerous waters if it continues to ignore the weak dollar. The last time the dollar had such a precipitous fall it was overvalued, but that is not the case now, he says.

"There are a lot of people who say it has been falling since 1985 without any ill effects, so who cares. I think that's wrong and it's a dangerous view of the world."

Lisa Bransten and Antonia Sharpe

10-year benchmark bond yields



Source: Datastream

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	5.25	1.75	4.50	6.40[1]	8.25	6.75[2]
Overnight	5.88	2.22	4.69	7.88	9.89	6.00
Three month	5.83	2.06	4.85	7.90	11.15	6.62
One year	6.29	1.93	5.22	7.32	11.75	7.56
Five year	6.94	3.19	6.45	7.64	13.45	8.33
Ten year	7.10	3.82	7.14	7.87	13.53	8.42

(1) France-Repo rate, (2) UK-Base rate, Source: Reuters.

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	103-11	104-12	+1-03	104-17	103-09	291,050	338,067
Sep	103-02	103-31	+1-03	104-02	103-02	2,111	16,843
Dec	103-00	103-17	+1-02	103-20	102-31	21	1,426

Rating agencies

Near duopoly comes under scrutiny

Credit rating agencies have considerable power, make substantial profits and have built up a high profile and reputation. Yet they are also poorly understood and virtually unaccountable.

A seminar in Paris last Friday, backed by research from KPMG Peat Marwick, the accountancy firm, sought to explore the mysterious world of the agencies and how they are perceived by those relying on their services.

Despite the diplomatic language and the concern not to offend anyone, the KPMG report – itself the product of in-depth interviews with senior-level users and executives within the agencies – contains some important issues and areas of concern.

One of the most striking facts about the business is how concentrated it is. Jnst two long-established international agencies continue to dominate: Standard & Poor's and Moody's Investors Service, although others such as IBCA have managed to play a role in particular market niches or regions.

The markat for this near duopoly of players also seems to be highly profitable. According to one study conducted by the US firm Smith Barney, cited by KPMG, Standard & Poor's made profits of $120m on revenues of $280m in 1993.

One reason is the tight legal framework that has helped guarantee them business. By 1930, following a series of financial scandals, US laws required banks to distinguish between investment and speculative grade investments on their balance sheets.

More recently, in 1988 the US Labor Department allowed pension funds to invest in asset-backed securities rated A or above. Such requirements have made the agencies indispensable, quite apart from any demand from the market.

Today, KPMG argues, investors have become even more heavily influenced by the agencies so that it is all hut impossible for issuers to go the market without the accompanying assessment – for which they are usually required to pay.

While the business has long existed in the US, it is surprisingly more recent in Europe. France was ahead of most of its mainland neighbours, and after liberalisation of the capital markets in the mid-1980s, ADEF was created in 1986. Moody's opened its Paris office in 1988, and S&P arrived by buying ADEF in 1989.

A continuing concern of European issuers as a result is that they feel the methodologies used by the agencies often reflect their US origins rather than local conditions. KPMG highlights the special factors in France, for example, with the role of bancassurance, the banking law requiring shareholders to take on liability in the event of default, and the influence of the regulators.

Another issue is the diversity between the agencies, which can cause considerable confusion for users. Even the basic rating grades vary: Moody's Baa1 is S&P's BBB+; its Ba1 the latter's BB+. Equally, the agencies generally refuse to accept the ratings applied by their rivals. In some areas, such as the assessment of mutual funds, they have different evaluation criteria.

On the whole, KPMG concludes that, in spite of any cultural bias the agencies have generally proved accurate in their ratings, although recent experience with assessments of Mexican and Italian bonds casts some doubt on this.

Even so, cultural differences and tensions can also emerge in other ways. Issuers in Latin countries less happy to receive criticism of a rating or a downgrading they feel is unjustified, whereas northern European countries often welcome such external evaluation measures.

Equally, KPMG says that investors tend to react in different ways to ratings, with those in France proving risk-averse and rarely showing interest in speculative grade securities, for example.

The survey highlightad a number of more day-to-day concerns with the agencies: some issuers felt they had little time to react or respond to what they saw as unjust assessments, and expressed frustration at the uncertainty of remaining on a "watch" list for several months.

There were also worries about confidentiality, given that analysts for the agencies were given access to sensitive internal corporate information, hut might then leave. The agencies say they have tight controls to prevent any leaks in such a situation.

All of these issues leave neglected more fundamental concerns about regulation. Surprisingly, it was only Italian users in the survey who felt the need for greater independence and objectivity, by removing the economic link of issuers paying for their own ratings.

Yet such structural concerns about the rating industry were also reflected more generally. A number of issuers argued that agencies – as private, profit-making companies – should be subject to some form of control by a third party.

In general, KPMG identified the feeling that there is a need for a code of conduct, covering the requirement for agencies to recognise each other's ratings, to distinguish solicited from unsolicited ratings, to agree the minimum information necessary to carry out a rating, and establishing a minimum delay between awarding a rating and its publication.

One thing is clear. The rating agencies, busily criticising others all the time, deserve a little more scrutiny thamselves.

Andrew Jack

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
Nippon Conveys Corp.(a)♦	100	Mar.1999	3.75	100.00	-	-	Nikko Europe
PBCCMT, Tranche A(d)‡	380	Oct.2000	(d1,e)	100.00R	-	-	Goldman Sachs Intl.
PBCCMT, Tranche B(d)‡	20	Oct.2000	(d2,e)	100.00R	-	-	Goldman Sachs Intl.
Nordic Investment Bank	200	Apr.2005	7.50	99.801R	7.529	+28(7½%-05)	Nikko Europe
Commerzbank Overseas Fin.(f)	200	Apr.1999	7.125	99.875R	7.162	+15(i)	Commerzbank
Inter-American Dev. Bank	500	Apr.2005	7.50	99.534R	7.568	+24(7½%-05)	Deutsche/ Goldman
Banque Paribas (HK)‡	300	Apr.1998	(k)	99.945R	-	-	Paribas Capital Markets
BHEL, S.1995-1, C.A1(m1)★‡	913	-	(m5)	100.00	-	-	Morgan Stanley & Co.
BHEL, S.1995-1, C.A2(m2)★‡	50	-	(m6)	100.00	-	-	Morgan Stanley & Co.
BHEL, S.1995-1, C.B1(m3)★‡	110	-	(m7)	100.00	-	-	Morgan Stanley & Co.
BHEL, S.1995-1, C.B2(m4)★‡	30	-	(m8)	100.00	-	-	Morgan Stanley & Co.
Crédit Local de France(s)	300	Dec.2000	7.25	99.75R	7.372	+16(7⅛%-00)	Paribas Capital Markets
Kingdom of Sweden(s)★	112½	Mar.1999	1.00#	80.20	-	-	Nomura International
Kingdom of Sweden(s,n)★	112½	Mar.2001	1.00#	80.275	-	-	Nomura International
Australian Ind.Dev.Corp.(s,n)★	110	Mar.2000	7.10#	100.25	-	-	Nomura International
Ciba-Geigy Corp.	100	Apr.1997	7.00	100.07R	6.961	+12(WI 2yr)	Swiss Bank Corp.
Sakura Bank (Canada)(o)★‡	50	Apr.2005	(o1)	102.00	-	-	Sakura Finance Intl.
YEN							
STB Finance Cay. S1(e,s)★	20bn	Jun.2005	4.80	100.30	-	-	Daiwa Europe
STB Finance Cay. S2(e)★‡	6bn	Jun.2005	(e1)	100.00	-	-	Sumitomo Trust Intl.
STB Finance Cay. S3(e2)★‡	6bn	Jul.2005	(e3)	100.00	-	-	Sumitomo Trust Intl.
Asahi Finance(Cayman)(f)★	25bn	Jun.2005	(f1)	100.00	-	-	Salomon Brothers Intl.
STERLING							
Acres No.1, Class A(g)‡	91.4	Mar.2005	(g1)	99.90R	-	-	Goldman Sachs Intl.
Acres No.1, Class M1(g)‡	12	Mar.2005	(g2)	99.83R	-	-	Goldman Sachs Intl.
GUILDERS							
Sudwestdeutsche Landesbank	250	Apr.2001	7.125	99.60R	7.167	+20(6½%-01)	Rabobank Nederland
Crédit Local de France	250	Apr.2002	7.25	99.90R	7.269	+24(6¾%-02)	Rabobank Nederland
Banque Nationale de Paris	200	May.2000	7.00	99.88R	7.029	+25(9%-00)	ING Bank
D-MARKS							
Kingdom of Denmark★	500	Jan.1998	zero	86.15	5.571	-	Daiwa Europe(Deutsch.)
Philips Electronics	300	Apr.2005	7.75	99.875R	7.768	+63(7¾%-05)	Dresdner Bank
Suedwest. LB Capital Mkts.(j)	500	Apr.1999	6.50	99.60R	6.59	+7(5⅛%-99)	CSFB Eff./ SBC Fft.
GECC	300	Apr.2000	6.75	100.50R	6.629	+18(7%-99)	SBC Frankfurt
Deutsche Ausgleichsbank	200	Apr.1998	5.75	99.90	5.787	-	Commerzbank
SWISS FRANCS							
Nippon Piston Ring(b)♦★	60	Mar.1999	3.375	102.50	-	-	Credit Suisse
Sanken Electric Co.(c)♦★	130	Apr.1999	2.375	100.00	-	-	Credit Suisse
Oest. Postsparkasse	200	May.2005	5.375	103.55	4.917	-	Credit Suisse
Kingdom of Belgium	300	May.2002	5.25	102.875	4.758	-	Credit Suisse
Bayerische Vereinsbank	150	May.2005	5.50	102.875	5.125	-	Credit Suisse
ITALIAN LIRE							
European Inv'ment Bank(h)	500bn	Mar.1999	10.80	97.94	11.47	-	BCI/BNL/JPM/San Paolo
Bayerische Hypobank(LB)	75bn	Oct.1997	12.00	100.775	-	-	Swiss Bank Corp.
LUXEMBOURG FRANCS							
SNS Group	2bn	Apr.1999	7.875	102.45	7.149	-	Bacob Bank Lux.

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. ‡Floating-rate note. ♦With equity warrants. ★Unlisted. #Semi-annual coupon and yield. R: fixed re-offer price. a) Denom: $10,000 +2 wrts. Ex Price: Y1,148.4. FX: 90.05Y/$. b) Denom: SFr50,000 +50 wrts. Ex price: Y437. FX: 78.72Y/SFr. c) Denom: SFr50,000 +50 wrts. Ex price: Y728. FX: 77.01Y/SFr. Refixing: 12/7/96 & 11/7/97. d) People's Bank Credit Card Master Trust. Legal maturity: 15/8/03. Av.life: 5 yrs. 10% cleanup call. d1) 1-mth Libor +20bp. d2) 1-mth Libor +35bp. e) Callable on 30/6/00 at par. e1) 3-mth Libor +17½bp to 30/6/00 and +40bp thereafter. e2) Callable on 31/7/00 at par. e3) 3-mth Libor +17½bp to 31/7/00 and +40bp thereafter. f) Callable on coupon dates from 30/6/00 at par. f1) 5% to 30/6/00 and 5.1% thereafter. g) 10% cleanup call. g1) 3-mth Libor +20bp. g2) 3-mth Libor +90bp. h) Fungible with L750bn. Plus 35 days accrued. i) Over interpolated yield. j) L150bn launched 7/3/95 was increased to L225bn. k) 3-mth Libor +20bp. l) Long 1st coupon. m) Beneficial Home Equity Loan Asset Backed Certificates. Legal maturity: 28/3/25. 10% cleanup call. Average life years: m1) 2.16; m2) 2.16; m3) 3.51; and m4) 0.40. m5) 1-mth Libor +22bp. m6) 30-day CP +25bp. m7) 1-mth Libor +35bp. m8) 1-mth Libor +25bp. n) Callable on 15/3/97 at par. o) Callable in Apr.97 at par. o1) 3-mth Libor +50bp to Apr.97 and 9% thereafter. s) Short 1st coupon. Note: Yields are calculated on ISMA basis.

EMERGING MARKETS: This Week

The Emerging Investor / Mark Nicholson in New Delhi

Drifting in the doldrums

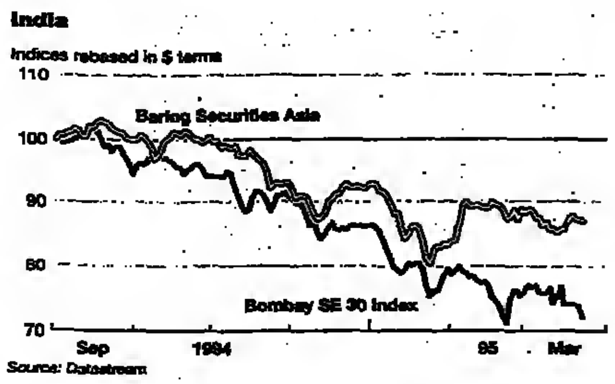
It was a poor week for the Bombay stock market, India's biggest with a capitalisation of $130bn (£79.2bn) and accounting for 70 per cent of the country's total equity volumes.

After the three-day closure caused by the $5m default of Mr R.S. Jhaveri, a leading broker, the market fell by 2.4 per cent over Thursday and Friday, pushing the 30-share BSE Index towards three-year lows at 3,280.10.

The message the market closure sent foreign institutional investors, whose influence has been a leading determinant of sentiment since they began piling into India over the past 18 months, could scarcely have been worse. "Foreign institutions have been astounded by the shutdown," said Mr Ron Gould, managing director of BZW investment management. "It's a most unfortunate signal."

The closure, and the systemic anomalies which prompted it, underlined the distance which the BSE must still travel towards its professed goal of creating an automated, transparent, liquid, institutionalised and well-regulated market out of its present cumbersome and clubbily opaque retail and paper-based exchange.

The only clear beneficiary of last week's events appears to be the automated National Stock Exchange, a rival to the BSE established five months ago which claims far stricter monitoring and regulation of settlements. It also claims a rate of failed trades of just 1.5 per cent, compared with the 20 per cent which, brokers say, is the BSE norm.



Source: Datastream

But the closure also highlighted the extent to which some of the peculiarities and archaisms of the Bombay exchange are often stronger determinants of market performance than India's economic and corporate fundamentals which, local and foreign analysts agree, have seldom looked rosier.

Mr Manmohan Singh, India's finance minister, painted a particularly buoyant picture in this month's budget: GDP growth of 5.3 per cent this year, 6 per cent expected next; industrial output at 8.7 per cent this year and expected to top 10 per cent; and a surge in the capital goods sector which, he said, was growing by 24.7 per cent.

On this basis, and propelled by further tariff and tax reforms in this year's budget, even the more cautious Bombay analysts are forecasting corporate profit growth for 1995-96 in the range of 15 to 25 per cent. Crosby Securities, the Hong-Kong based group, sees growth in average earnings per share of 45 per cent in 1995 over 1994, and, in tune with some other Bombay estimates, foresees compound growth in eps of 30 per cent across the market over the next two years.

Nevertheless, the BSE Sensex Index is trailing 30 per cent below its three-year peak of 4,643 reached last September and analysts mostly agree that the market is set for a bearish drift at present low levels until at least the third quarter.

The reasons are manifold. One is a superabundance of issues on India's primary market, the buoyancy of which is unprecedented – but which has created, and will add to, a vast overhang of scrip.

According to Mr V.V. Sivakumar, research manager at Crosby's in Bombay, the primary market raised more than $10bn in 1994 and could see a further $12bn raised in 1995. These new issues, the fruit of an unparalleled capital raising spree by Indian businesses, prompted by the government's four-year-old liberalisation policies, are swabbing up most of the market's liquidity and any new money coming in.

Mutual funds, and the 20 or so of the 294 registered foreign institutional investors which are truly active in Bombay, have been shifting into the new issues, which also continue to attract more interest than the secondary market from individual Indian investors and liquid Indian corporations, says Mr Sivakumar.

There are other depressants. One is the relative fall in foreign institutional investor (FII) money entering India. FIIs had invested just over $3bn between September 1993 and February this year, with flows reaching a monthly peak in January 1994 of $394m. Partly because many of the new India funds had been fully invested by the end of last year and partly because of the deterrent effect of Bombay's ghastly settlements and share transfar problems, the monthly flow fell in November and December to $10m and $15m respectively.

These flows are reviving, with January and February showing $48m and almost $50m respectively. But few analysts expect these sums to reach in the medium term the levels of early last year. The "Mexico effect" and rising US interest rates had dampened interest well before the default debacle of last week raised foreign eyebrows.

For local and foreign investors there are further constraints on an early market rally. One is the continuing political uncertainty caused by the recent electoral reverses suffered by the ruling Congress party in critical states.

And there is the perennial question of market liquidity. Bombay brokers claim this has been hugely impaired by the aothorities' decision last year to ban the loosely regulated carry-forward trading system known as badla, which permitted brokers to roll over and even extend positions without physical share delivery. The credit which this system permitted was, brokers claim, the lifeblood of the BSE's speculative activity. Without a re-introduction of carry-forward in some form, Bombay's under-capitalised brokers claim, the market cannot heave itself from its present doldrums.

Mr D.R. Mehta, the new chairman of the Securities and Exchange Board of India (Sebi), the market regulator, appointed a committee on his first day in office earlier this month to review liquidity and the badla system – which was banned for its opacity and openness to price manipulation. Its recommendations are still awaited. But in the light of last week's events, themselves caused partly by market opacity and apparent price manipulation, Sebi will have to think hard about quite what sort of carry-forward system it could confidently regulate.

News round-up

■ Czech Republic

The Prague Stock Exchange, *looking to bring investors back* to the lagging Czech equities market, plans to move to real-time trading early this autumn. The move would change PSE trading to a system where share prices *could fluctuate throughout the* day instead of being fixed once daily at 11 am, with the PSE matching buy and sell orders.

The HN-Wood 30 Index, measuring the PSE's top shares, has lost more than two *thirds* of its value since peaking in February 1994.

■ Mexico

Mexico will soon name banks which have sought help from the government's Temporary Capitalisation Programme (Procapte) to help them weather the country's economic crisis.

Mr Javier Gavito, vice president of the National Banking Commission, said there would probably be an announcement this week. Entry into Procapte would force banks to raise capitalisation ratios to at least 9 per cent through issues of subordinated debt to Procapte convertible in five years into A or B shares of the bank.

■ Lebanon

The Beirut Stock Exchange has leased temporary premises for its new trading floor and aims to start trading in June. It has taken one floor of a luxury office tower for a year in the Hamra district of mainly Moslem West Beirut, but officials hope to move later to permanent premises in a building under renovation in tha pre-war financial district of Beirut's ravaged city centre.

Lebanon's stock exchange law is also being revised. This is not expected to be completed before the reopening, and trading should resume under the old law.

■ Bulgaria

A mass privatisation draft amendment announced last week plans to trade Bulgarian privatisation vouchers and other sell-off instruments at a single national stock exchange. "The real value of the companies will be set by trading at a centralised national stock exchange due to be launched at the end of this year," said Mr Roumen Gechev, deputy prime minister. Bulgaria plans to launch a mass privatisation scheme by November.

■ Zimbabwe

Zimbabwe's stock market is looking attractive, with p/e ratios at their lowest since 1993, but high inflation and interest rates are likely to keep it depressed for the next three months, analysts said. They expect the bourse to get no lift unless President Robert Mugabe's government takes measures to slash public spending and contain inflation. Interest rates of more than 30 per cent have been drawing investors away from the Zimbabwe Stock Exchange to a high-yielding local money market. Annual inflation is currently about 21 per cent.

■ Pension funds

Pension funds are sleeping giants which have yet to wake up to the virtues of investing in emerging markets, said Mr John F.H. Purcell, director of emerging market research for Salomon Brothers, in São Paulo. "Pension funds are interested in emerging markets; they have been studying them for the past two and a half years," he said. The funds now had between $2bn and $5bn invested in emerging markets debt instruments, but the potential for raising the stakes in new countries was enormous, and could reach up to $100bn.

● *Further coverage of emerging markets appears daily on the World Stock Markets page.*

Baring Securities emerging markets indices

Index	24/3/95	Week on week movement Actual	Week on week movement Percent	Month on month movement Actual	Month on month movement Percent	Year to date movement Actual	Year to date movement Percent
World (301)	128.35	+0.58	+0.45	-5.61	-4.19	-29.68	-18.78
Latin America							
Argentina (20)	68.12	-1.52	-2.18	-1.88	-2.69	-17.99	-20.89
Brazil (21)	146.38	-1.45	-0.98	-13.03	-8.17	-63.00	-30.09
Chile (12)	188.10	-0.59	-0.31	-6.95	-3.56	-23.46	-11.09
Mexico (25)	52.66	+4.05	+8.32	-8.34	-13.67	-44.97	-46.06
Peru(16)	730.43	+31.10	+4.45	+54.10	+8.00	-118.24	-13.93
Latin America (94)	95.67	+1.31	+1.39	-7.70	-7.45	-43.10	-31.06
Europe							
Greece (16)	86.85	+0.70	+0.81	+0.63	+0.73	-0.34	-0.39
Portugal (18)	122.83	-0.75	-0.61	+4.43	+3.74	+6.55	+5.64
Turkey (21)	90.75	+7.17	+8.57	+14.06	+18.33	+14.64	+19.24
Europe (55)	104.00	+2.04	+2.00	+5.83	+5.94	+6.31	+6.46
Asia							
Indonesia (26)	121.10	+0.46	+0.38	-12.24	-9.18	-12.58	-9.41
Korea (23)	142.57	+2.43	+1.74	+19.72	+16.05	+2.68	+1.92
Malaysia (23)	208.99	-2.78	-1.30	-4.54	-2.13	-1.87	-0.89
Pakistan (11)	81.74	-1.14	-1.38	-9.82	-10.72	-24.46	-23.03
Philippines (12)	221.61	-9.82	-4.24	-30.95	-12.25	-60.52	-21.45
Thailand (25)	230.09	+4.78	+2.12	-14.12	-5.78	-21.55	-8.56
Taiwan (32)	187.11	-3.93	-2.30	-1.50	-0.89	-17.04	-9.25
Asia (152)	197.39	-1.14	-0.57	-4.29	-2.13	-13.23	-6.28

All indices in $ terms, January 7th 1990=100. Source: Baring Securities

CURRENCIES Philip Gawith

Market focus on central banks

The week ahead will be a critical one for foreign exchanges as central bank meetings in the US, Japan and Germany establish a fresh context for market activity.

The policy-making Federal Open Markets Committee (FOMC) meets tomorrow, as do the general managers of the Bank of Japan, while the Bundesbank council meets on Thursday.

Without a cut in German or Japanese rates, or higher US rates, the dollar is expected to resume its decline against the yen and European currencies.

Trading has been fairly subdued since March 8, when the dollar and most European currencies fell to fresh lows against the D-Mark and yen. But it is difficult to see these meetings passing off without providing fresh impetus to currency markets.

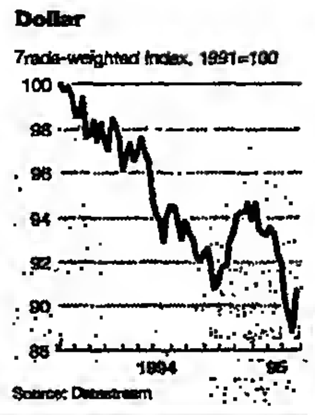
Perhaps the most closely watched of these gatherings will be the Bundesbank council meeting on Thursday. Mr Hans Tietmeyer, the president, has been scrupulous in his recent utterances to keep open the option that German rates might fall.

Germany has also enjoyed the benefit of good inflation and money supply numbers since the council last met, albeit tempered by concern about wage inflation. Market perceptions that there may be a cut in rates are thus likely to rise in the next few days.

Any decision will have to be finely judged. A cut in the official discount or Lombard rates would be a big surprise; less so, a small trimming of the repo rate.

Expectations of any change in interest rates in the US or Japan are more subdued. Since the last FOMC meeting on February 1, when rates were increased, a number of releases have hinted at a slowdown in the economy, and fragile consumer confidence. Fed officiala have also added to this perception of growth slowing.

In Japan, the memory of low interest rates stimulating an asset bubble has made the central bank reluctant to cut the official discount rate. An edging down of call money rates remains a possibility.



Source: Datastream

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, March 24, 1995. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)			£ STG	US $	D-MARK	YEN (X 100)			£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	5517.28	3483.08	2451.18	3903.11	Gambia	(Dalasi)	15.2150	9.5500	6.7586	10.7836	Oman	(Rial Omani)	0.6130	0.3848	0.2724	0.4337
Albania	(Lek)	169.100	100.490	71.1263	113.260	Germany	(D-Mark)	2.2509	1.4128	1	1.5923	Pakistan	(Pak. Rupee)	49.1488	30.8481	21.8354	34.7683
Algeria	(Dinar)	69.1128	43.3800	30.7050	48.8926	Ghana	(Cedi)	1720.85	1080.00	764.439	1217.24	Panama	(Balboa)	1.5932	1	0.7078	1.1271
Andorra	(French Fr)	7.9194	4.9706	3.5184	5.6025	Gibraltar	(Gib £)	1	0.6277	0.4443	0.7074	Papua New Guinea	(Kina)	1.8001	1.1926	0.8441	1.3442
	(Sp Peseta)	203.716	128.750	91.6389	146.288	Greece	(Drachma)	398.826	231.500	163.856	260.918	Paraguay	(Guarani)	3122.89	1960.00	1387.32	2209.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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CONTRACTS & TENDERS

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUB-SECTIONS 10(6) OF THE TELECOMMUNICATIONS ACT 1984

The Secretary of State hereby gives notice as follows.

1. He proposes to grant a licence under the Telecommunications Act 1984 ("the Act") to Tanet Limited ("the Licensee") to run telecommunication systems throughout the United Kingdom in the case of Tanet Limited. The licence will be for a period of 25 years subject to earlier revocation in specified circumstances.

2. He proposes to apply the telecommunications code ("the Code") by virtue of section 10(2)(b) of the Act, subject to certain exceptions and conditions, to Tanet Limited to run telecommunication systems in the United Kingdom. The effect of the exceptions and conditions to the application of the Code is that the Licensee will have duties:

(a) to comply with the various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apparatus as is already installed for the purpose;

(b) to comply with conditions designed to ensure efficiency and economy on the part of the Licensee in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of its apparatus;

(c) to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and English Nature, Scottish Natural Heritage, the Countryside Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;

(d) to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in the licence to its powers under the Code; and

(e) to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.

3. The reason why the Secretary of State proposes to apply the Code to the Licensee is that it appears to the Secretary of State that:

(a) the running of the telecommunication systems will benefit the public; and

(b) it is not practicable for the telecommunication systems to be run without the application of the Code.

4. The reasons why it is proposed that the Code as applied should have effect subject to the exceptions and conditions referred to above are that they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the systems are installed es safely and economically as possible, and that the Licensee can meet (and relevant persons can enforce) liabilities arising from the execution of works.

5. Representations or objections may be made in respect of the the application of the Code to the Licensee and the proposed exceptions and conditions referred to above. They should be made in writing by 5 May 1995 and addressed to the undersigned at the Department of Trade and Industry, Telecommunications Division, Room 2.79 Grey, 151 Buckingham Palace Road, London, SW1W 9SS. Copies of the proposed licence can be obtained free of charge by writing to the Department or by calling 071-215 1756.

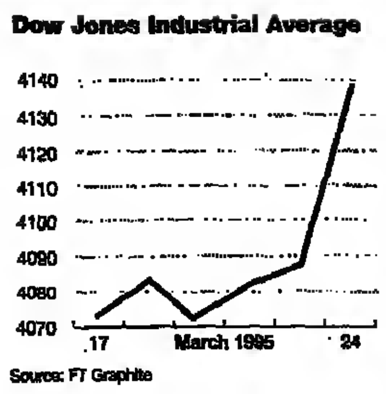
Alan Proud
Department of Trade and Industry
27 March 1995

EQUITY MARKETS: This Week

NEW YORK

Lisa Bransten

Investors bank on a slowing economy



Although the Federal Reserve's Open Market Committee is to meet tomorrow, the betting of late is not on whether the central bank will raise rates, but on where the economy is going.

Few Wall Street economists believs the Fed will tighten monetary policy and the market seems to have written off such an eventuality as it reached new highs nearly every day last week, capped by a more than 50-point gain in the Dow Jones Industrial Average on Friday.

Investors will certainly be watching for any commentary issued by the Fed, but economic data should be just as important.

Housing figures due out today and Wednesday should not upset the market if they come in near expectations. Today will see the release of February existing home sales, and analysts et Smith Barney estimate that sales were down 2 per cent last month on top of January's drop of 4.5 per cent.

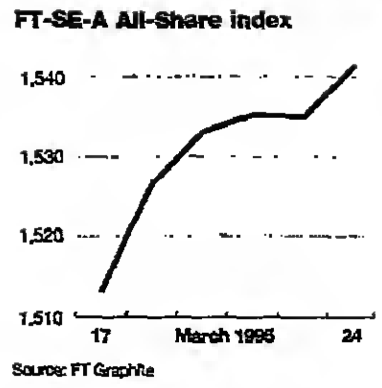
Figures on February new home sales will be released on Wednesday and those numbers are also expected to support the belief that the economy is slowing. The median estimate has the figure slipping 4.3 per cent to 650,000 new homes built last month.

Another piece of data that could drive equities higher is due on Friday. If February factory orders have indeed fallen by 0.4 per cent, as the median estimates suggest, then this week could end with stocks on an uptick just like last week.

LONDON

Terry Byland

Analysts still cautious on domestic side



In an uncertain investment world, one beacon continues to shine forth: dividend growth among UK companies is exceeding even the most optimistic forecasts.

This lies behind all the "valuation" arguments for buying equities which have fuelled the recent rally in share prices. Forecasts of a further 10 per cent growth in dividends this year are almost commonplace among analysts.

But there is still caution on the consumer side. Charterhouse Tilney argues that government is unlikely to risk "anything significant" in the form of tax cuts. And, although the bouse does not anticipate another base rate cut this year, such a possibility merely underlines the split between domestic and export-orientated companies.

The stress is on the manufacturing and construction sectors, which benefit from the economic recovery and the dip in sterling. Many of the builders are thrice-blessed by their involvement with the German economy and the D-Mark, although the sudden tail-spin in Frankfurt last Thursday when the dollar/D-Mark problems resurfaced might act as a warning light.

This week's company statements should therefore give the market plenty of evidence on whether it is on the right track. Blue Circle, Redland and Inchcape are all likely to bear out market optimism. But traders will look closely at boardroom comments from UK consumer-orientated stocks like Iceland and Next.

Global share offerings

Difficult markets blamed for IPO withdrawals

Last week's tumble in Europe's stock markets took its toll on primary equity activity, with two large IPOs pulled and several others facing an uphill struggle.

The sale by Sweden's Electrolux of its aluminium and metalworking subsidiary Gränges and an IPO for German pharmaceuticals company Schwarz Pharma were withdrawn on Friday, with both vendors citing difficult market conditions.

"As a consequence of deteriorating stock market conditions, the terms for implementing the share offering have not been satisfied," Electrolux said. Sweden's Affaersvaerlden stock index fell from 1,473.1 on Monday to 1,446.4 Thursday, though it recovered on Friday to 1,461.4.

"We saw good interest in the transaction, but at e level below the indicted price range," said e syndicate official at Goldman Sachs, joint global co-ordinator together with Enskilda. Electrolux had hoped to sell 28m Gränges shares at between SKr105 and SKr117 a share.

According to Electrolux president Mr Leif Johansson: "Gränges is a very good company with good future prospects and we want to obtain the full value that we consider the company to be worth." He ssid Electrolux would therefore keep Gränges as a portfolio investment, but added that be would not rule out the company coming back to the market "when the weather is better".

In Germeny, Schwarz Pharma shelved the share issue it had planned for late March – expected to raise about DM250m – because of the "difficult situation on the German share market", lead manager Deutsche Bank said.

The decision followed Thursday's 2.4 per cent fall in the German 30-share DAX index to its lowest level since October 1993. On Friday, the DAX fell another 10.65 points to 1,925.42. Shares have been hit by fears of poorer earnings prospects for exporters as a result of the strong D-Mark.

Dentschе Bank said Schwarz Pharma would launch the issue when the stock market had stabilised and was able to absorb new supply.

The issue will be one of Germany's biggest initial public offerings this year. The largest will be SKW Trostberg, a specialty chemicals company controlled by Viag, which is expected to raise around DM1bn.

The sharp fall in the German share market had some dealers wondering whether the IPO for SGL Carbon, a subsidiary of Hoechst chemicals which started roadshowing its international share sale last week, would go ahead. However, Mr Markus Launer, SGL spokesman, said: "We see no reason to pull the issue."

SGL Carbon's offering is expected to raise at least DM400m. About 20 per cent of the shares are targeted et US investors. Dresdner Bank and Kleinwort Benson ere joint global co-ordinators. The indiceted price range for the shares has been set at DM55–DM66; excluding a 15 per cent over-allotment option, between 7.2m and 9.1m shares are to be issued, with bookbuilding lasting until April 3.

Market doldrums are also overhanging tbe forthcoming sale of shares in Böhler-Uddeholm, the Austrian specialty steel manufacturer. The offering will comprise 5.25m shares belonging to the Austrian state holding company OIAG and 3m of new shares.

Many expect the shares to be priced et the low end of its Sch650 to Sch750 indicated range, reflecting investors' continued price-sensitivity. The shares will be sold in three equal tranches – in Austria by Creditanstelt, the EU by S.G. Warburg and the rest of the world by CS First Boston.

Benefiting from its less cyclical nature, AB Lindex, the Swedish clothes retailer, managed to place 8.1m shares last week despite the stock market troubles.

Although dealers said it had not been an easy sale in the choppy market conditions, a syndicate official at Warburg – joint global co-ordinator together with Handelsbanken – said the shares were well subscribed by high-quality investors. They were priced at SKr104 a share, the lower end of the indicated SKr102 to SKr112 range. Late on Friday they were trading at SKr107.5 a share, helped by a late rebound in the stock market.

Still, market conditions do not augur particularly well for primary activity, and participants are bracing themselves for another difficult week.

"Until early [last] week, there was still a hope that a cut in German interest rates would take the pressure off cross rates in Europe," said Mr Mike Young, director of European investment strategy at Merrill Lynch. "Now the penny has dropped that this is unlikely to happen, people are taking a serious look at the earnings implications for European industry of continued D-Mark strength."

The latest pull-back has brought many European markets back into a valuation range where they look "more ettractive than they have for some time", he says. However, many investors remain sidelined, burnt by losses on previous purchases and hoping that shares will get even cheaper.

In Russia, meanwhile, Kleinwort Benson is advising gas giant Gazprom on the sale of up to 9 per cent of its shares to international gas and oil companies, rather than an offering to institutional investors.

"We are ectively negotiating with several large oil and gas companies," said Mr Philip Lambert, director of oil and gas corporate finance at KB. He stressed, however, that this does not preclude an institutional offering in the future.

Russia's Komitec, which owns the oil company Komineft, is planning to issue a convertible bond via Swiss Bank Corporation some time in mid-1995. Accountant Deloitte & Touche CIS is preparing andited accounts conforming to US accounting procedures.

Lukoil, the publicly traded Russian oil conglomerate, is also expected to issue a convertible bond in the coming months.

Conner Middelmann

OTHER MARKETS

ZURICH

After last week's unexpected, but nonetheless welcome news of Sandoz's restructuring to split off its cbemicals division, the stock market will be paying more than usual interest to any hint that Ciba may be planning to take the same path, when it unveils 1994 results tomorrow.

The strength of the Swiss franc against European currencies and the dollar point to flat results. Of more interest would be any suggestion of a disposal, perhaps in its industrial division.

Swissair is expected to report sharply lower 1994 results on Friday, due to lower than expected book profits from aircraft disposals and the adverse impact oo non-core operations, like hotels, catering and duty free sales, of currency movements in Europe.

The share has been supported by news of its negotiations to buy e 49 per cent stake in Sabena, the Belgian carrier but, says Mr Frederick Hassleuer et Bank Sal Oppenheim, the price, rumoured at SFr200m to SFr300m will be crucial.

For Swissair, the deal would provide EU status and a second traffic "hub" in Brussels.

PARIS

A new account begins today, awaiting tomorrow's 1994 results from Renault, the symbol of French national pride, *writes Jeffrey Brown.* Otherwise it looks to be business as usual for traders, who will continue to track nervously the currency markets and German equities.

The new account is the final settlement period before the first round of the presidential elections on April 23, and the last chance for position-taking ahead of the election outcome. Mr Jacques Chirac might be the clear favourite in the polls but French presidential races are almost a by-word for spectacular upsets. Some observers have not written-off a pre-election rally.

In contrast, the Renault numbers are probably easier to predict, with company indications at the time of last year's privatisation issue suggesting an after-tax profit of between FFr2.5bn and FFr3bn for 1994. Most brokers estimates come in around FFr2.8bn, against the FFr1.07bn that Renault achieved in 1993. What the stock market will want to see, however, is the motor giant's statement on trading so far in the current year.

FRANKFURT

A busy week is in prospect, with full-year figures due from the banking, chemicals and motor sectors. Merrill Lynch expects the banks' fairly depressing 10-month trends to hold for the full 1994 figures, although this year should be better with the impact of falling provisions coming through to the bottom line.

Merrill says that relative to the local market, the sector is still at a high yield and not far from a price low. It thinks tbat this will underpin the banks in 1995, although in relative terms, they will remain shares for bears, outperforming down markets but underperforming upward movements.

Deutsche Bank reports on Wednesday, Commerzbank on Thursday and Dresdner on Friday. Among chemicals and motors Hoechst reports tomorrow, BASF and VW on Wednesday, and BMW on Friday.

COPENHAGEN

Mr Sven Caspersen, chairman of the Copenhagen Stock Exchange (CSE), is leading a delegation of key Danish financial figures on a roadshow, *writes William Cochrane.* The delegation will bost seminars on the Copenhagen financial markets, in Frankfurt on Wednesday and in London on Tbursday.

The CSE, itself in tbe throes of planning reforms, wants Copenhagen to be seen as the northern bub of financial markets in Europe. The seminar will address: the Danish government bond and mortgage bond markets; the CSE itself: banking; industry; and equities. Political weight will be added by the Danish finance minister, Mr Mogens Lykketoft, and Mrs Mimi Jakobsen, the minister for business and industry.

HONG KONG

Two more government land auctions, today and on Thursday, may provide new points of focus at the end of a disappointing results season. Cheung Kong failed to excite the market with its figures although Sun Hung Kai's figures, after the market closed on Friday, were better than some had expected.

In the absence of fresh impetus, the market will continue to take its lead from the US. On the corporate front, Henderson Land and Heoderson Investmeot report tomorrow and New World on Wednesday.

TOKYO

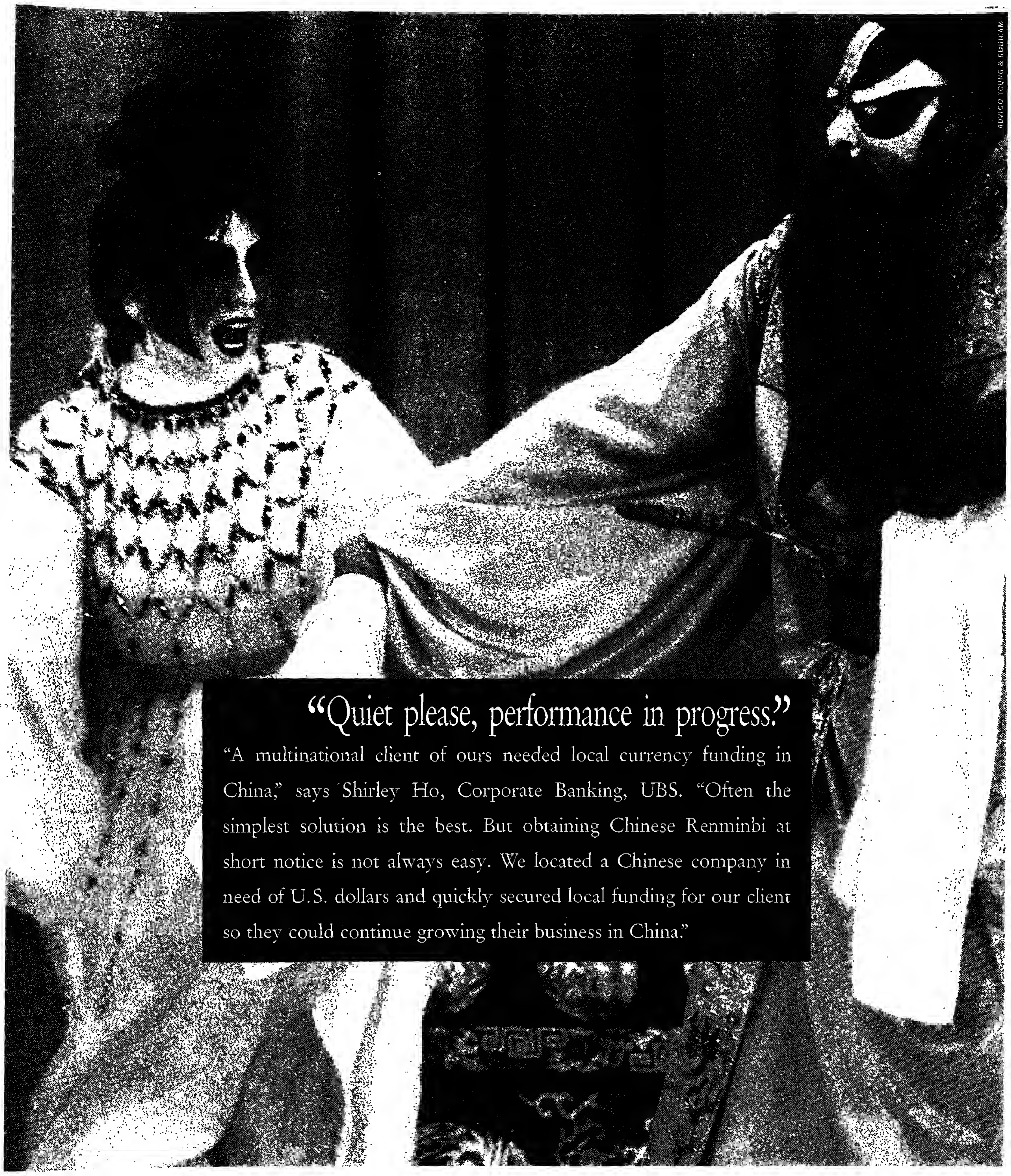
Trading for March settlements ends today and the wave of profit-taking by companies and institutional investors looking to prop up their annual earnings is likely to ease, *writes Emiko Terazono.*

This does not mean that investors will immediately rush to buy shares since overseas fund managers are likely to continue to take advantage of the foreign exchange gains on their holdings. However, there is a case for a technical rebound of stocks beavily sold on year-end profit-taking.

Such moves were already evident last week, as the brokers, which have been heavily sold off during the past few weeks, were bought on short covering, with the sector rising 2 per cent Friday.

Sectors heavily hit over the past week include steels, down 9.6 per cent, which are widely held by banks and corporate investors. Analysts have noted a recovery in steel demand and widening profit margins over the past few months, indicating that the decline is largely due to seasonal selling rather than the sector's earnings performance.

Compiled by Michael Morgan



Union Bank of Switzerland

NEW YORK, LONDON, PARIS, FRANKFURT, ZURICH, GENEVA, SINGAPORE, HONG KONG, TOKYO

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 24 / Sch) — BELGIUM/LUXEMBOURG (Mar 24 / Frs.) — CZECH REP (Mar 24 / Koruna) — DENMARK (Mar 24 / Kr) — FINLAND (Mar 24 / Mkk) — FRANCE (Mar 24 / Frs.) — GERMANY (Mar 24 / Dm.) — GREECE (Mar 24 / Drachma) — ITALY (Mar 24 / Lira) — NETHERLANDS (Mar 24 / Fls.) — NORWAY (Mar 24 / Kroner) — POLAND (Mar 23 / Zloty) — PORTUGAL (Mar 24 / Escudo) — SPAIN (Mar 24 / Pts.) — SWEDEN (Mar 24 / Kronor) — SWITZERLAND (Mar 24 / Frs.) — TURKEY (Mar 24 / Tk Lira)

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PACIFIC

JAPAN (Mar 24 / Yen) — AUSTRALIA (Mar 24 / A$) — HONG KONG (Mar 24 / H.K.$) — INDONESIA (Mar 24 / Rupiah) — MALAYSIA (Mar 24 / MYR) — NEW ZEALAND (Mar 24 / NZ $) — SINGAPORE (Mar 24 / S$) — SOUTH KOREA (Mar 24 / Won) — TAIWAN (Mar 24 / TW $) — THAILAND (Mar 24 / Baht)

[illegible]

AFRICA

SOUTH AFRICA (Mar 24 / Rand)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Mar 24 / Can $) 4 pm close — MONTREAL (Mar 24 / Can $) 4 pm close

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INDICES

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US INDICES

Dow Jones	Mar 24	Mar 23	Mar 22	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	4138.67	4129.86	4082.88	4138.67 (24/3/95)	3593.35 (4/4/94)	4138.67 (24/3/95)	41.22 (2/7/32)
Home Bonds	97.86	97.78	97.83	105.81 (21/1/94)	93.56 (30/12/94)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1581.02	1574.26	1580.55	1862.29 (2/2/94)	1373.89 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	188.51	185.87	185.93	227.86 (3/1/94)	173.94 (22/11/94)	256.40 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4165.27 (4107.89) Low 4087.14 (4048.35) (Theoretical#)
Day's high 4139.36 (4094.75) Low 4087.83 (4068.12) (Actual#)

Standard and Poors	Mar 24	Mar 23	Mar 22	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	500.97	495.95	495.67	500.97 (24/3/95)	435.92 (4/4/94)	500.97 (24/3/95)	4.40 (1/6/32)
Industrials¶	596.92	591.34	591.10	596.92 (24/3/95)	510.05 (21/4/94)	596.92 (24/3/95)	3.62 (21/6/32)
Financial	46.15	45.64	45.65	48.94 (14/6/94)	39.87 (22/11/94)	48.40 (28/8/93)	8.64 (1/10/74)
NYSE Comp.	270.50	267.92	267.50	270.50 (24/3/95)	243.14 (4/4/94)	270.50 (24/3/95)	4.46 (25/4/42)
Amex Mkt Val	460.90	458.32	458.15	487.89 (2/2/94)	420.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	818.66	811.39	808.10	818.66 (24/3/95)	693.79 (24/6/94)	818.66 (24/3/95)	54.87 (31/10/72)

RATIOS

	Mar 17	Mar 10	Mar 3	Year ago
Dow Jones Ind. Div. Yield	2.69	2.70	2.73	2.62
	Mar 22	Mar 15	Mar 8	Year ago
S & P Ind. Div. yield	2.33	2.33	2.35	2.44
S & P Ind. P/E ratio	17.80	17.60	17.32	26.62

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Telefonos	12,437,100	27¾	+¼
Ford Motor	6,631,600	25¾	+⅛
RJR Nabisco	4,983,800	6¼	+⅛
Motorola	3,881,000	55⅝	+1⅝
EMC Corp	3,753,700	17⅛	+⅞
Merck	3,487,800	43⅜	-⅜
Home Depot	3,407,800	42⅝	—
Intl Game	2,806,600	14⅛	-⅛
Dig Equip	2,682,000	34⅞	+2⅝
Compaq	2,646,700	35	+1

TRADING ACTIVITY

Volume (million)

	Mar 24	Mar 23	Mar 22
New York SE	357.885	318.499	313.112
Amex	18.337	15.451	15.147
NASDAQ	n/a	320.471	295.883
NYSE			
Issues Traded	2,953	2,934	2,840
Rises	1,626	1,048	989
Falls	627	1,017	1,136
Unchanged	700	869	835
New Highs	114	46	42
New Lows	25	42	34

INDEX FUTURES

CAC-40 — DAX — OMX — SOFIREX: [illegible]

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Jun	499.30	505.40	+6.05	505.40	499.20	61,582	188,513
Sep	504.80	509.65	+6.00	509.65	504.70	199	5,899
Nikkei 225							
Jun	15790.0	15790.0	-	15850.0	15420.0	34,167	120,446
Sep	15930.0	15920.0	-130.0	15930.0	15820.0	2	19

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

TOKYO - MOST ACTIVE STOCKS: Friday, March 24, 1995.

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
General Sekiyu	9.9m	908	+4	Nisshin F&M Ins	5.0m	439	+6
Nippon Steel	9.8m	307	+1	NKK Corp	4.9m	222	+5
Sumitomo Constn	6.6m	620	-2	Hachijuni Bank	4.8m	1080	-30
Fudo Constn	6.0m	795	-8	Yamato Transport	4.6m	995	-15
Mitsubishi Heavy	5.3m	555	-7	Toshiba Corp	4.3m	653	+8

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Mar 24		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.8431	+0.1229	339 - 523	15.8583	15.7053	15.8307	0.9	15.7969	1.2	-	-	108.4
Belgium	(BFr)	46.4235	+0.2803	868 - 601	46.5190	46.1030	46.4235	0.0	46.4085	0.1	46.0135	0.9	110.1
Denmark	(DKr)	8.9418	+0.0014	378 - 438	8.9778	8.9114	8.9519	-1.3	8.9652	-1.0	8.9168	0.3	109.0
Finland	(FM)	7.0236	+0.0356	174 - 297	7.0330	6.9680	-	-	-	-	-	-	88.3
France	(FFr)	7.9194	-0.0111	151 - 237	7.9589	7.8902	7.9339	-2.2	7.9575	-1.9	7.9337	-0.2	109.8
Germany	(DM)	2.2509	+0.0174	497 - 521	2.2539	2.2357	2.2483	1.4	2.2422	1.8	2.2059	2.0	113.5
Greece	(Dr)	368.826	+1.845	164 - 489	370.500	367.160	-	-	-	-	-	-	68.4
Ireland	(I£)	0.9998	+0.0006	991 - 001	1.0040	0.9977	0.999	0.5	0.9983	0.6	0.9998	0.0	96.3
Italy	(L)	2740.78	-12.74	979 - 178	2779.15	2718.80	2750.88	-4.4	2772.43	-4.8	2854.78	-4.2	65.1
Luxembourg	(LFr)	46.4235	+0.2803	868 - 601	46.5180	46.1030	46.4385	-0.4	46.4035	0.2	46.0835	0.7	110.1
Netherlands	(Fl)	2.5229	+0.0182	216 - 241	2.5284	2.5053	2.5202	1.3	2.5138	1.5	2.4751	1.9	110.2
Norway	(NKr)	10.0213	+0.0471	170 - 255	10.0399	9.9720	10.012	1.1	9.9961	1.0	9.8923	1.3	99.8
Portugal	(Es)	236.885	+1.511	705 - 065	237.236	235.572	237.68	-4.0	239.39	-4.2	-	-	87.1
Spain	(Pta)	206.718	+0.828	599 - 838	207.745	206.164	207.348	-3.7	208.448	-3.3	213.073	-3.1	77.1
Sweden	(SKr)	11.6598	+0.0295	494 - 697	11.7280	11.6123	11.6617	-0.2	11.6658	-0.2	11.6773	-0.2	78.4
Switzerland	(SFr)	1.8657	+0.0156	645 - 668	1.8699	1.8517	1.8613	2.8	1.8524	2.9	1.8036	3.3	114.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	85.6
Ecu	-	1.2310	+0.0034	303 - 317	1.2337	1.2263	1.2317	-0.7	1.2324	-0.6	1.2274	0.3	-
SDR†	-	1.02824	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5925	-0.001	921 - 929	1.6002	1.5880	-	-	-	-	-	-	-
Brazil	(R$)	1.4467	+0.0004	448 - 485	1.4518	1.4440	-	-	-	-	-	-	-
Canada	(C$)	2.2357	-0.0055	348 - 365	2.2473	2.2295	2.2392	-1.8	2.2445	-1.6	2.2458	-0.4	80.9
Mexico	(New Peso)	10.9373	-0.3302	954 - 792	10.9989	10.8681	-	-	-	-	-	-	-
USA	($)	1.5932	-0.0005	929 - 935	1.6010	1.5886	1.5929	0.2	1.5918	0.3	1.5808	0.8	90.8
Pacific/Middle East/Africa													
Australia	(A$)	2.1874	-0.0104	862 - 886	2.1906	2.1860	2.1903	-1.8	2.1962	-1.6	2.2199	-1.5	80.4
Hong Kong	(HK$)	12.3191	-0.0026	160 - 222	12.3799	12.2839	12.3187	0.0	12.3194	0.0	12.3127	0.1	-
India	(Rs)	50.3531	+0.028	197 - 865	50.6240	50.0840	-	-	-	-	-	-	-
Israel	(Shk)	4.7657	+0.0208	605 - 708	4.7780	4.7387	-	-	-	-	-	-	-
Japan	(Y)	141.357	+0.872	290 - 423	141.590	140.520	140.867	4.2	139.772	4.5	133.862	5.3	162.8
Malaysia	(M$)	4.0547	-0.009	531 - 563	4.0737	4.0438	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4502	-0.0102	484 - 818	2.4542	2.4485	2.4583	-3.0	2.4667	-2.7	2.4868	-1.5	97.2
Philipines	(Peso)	41.2640	+0.1148	375 - 904	41.5925	40.9375	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9753	-0.0021	739 - 767	6.0044	5.9580	-	-	-	-	-	-	-
Singapore	(S$)	2.2640	+0.0082	627 - 652	2.2718	2.2531	-	-	-	-	-	-	-
South Africa	(R)	5.7535	+0.0162	512 - 557	5.7865	5.7373	-	-	-	-	-	-	-
South Korea	(Won)	1227.96	+3.28	785 - 827	1233.89	1223.22	-	-	-	-	-	-	-
Taiwan	(T$)	41.4188	-0.015	082 - 294	41.6138	41.3020	-	-	-	-	-	-	-
Thailand	(Bt)	39.3521	-0.0123	367 - 874	39.5370	39.2460	-	-	-	-	-	-	-

†SDR rates per £ for Mar 23. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 24		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J P Morgan index
Europe													
Austria	(Sch)	9.9442	+0.0802	403 - 481	9.9481	9.8890	9.9342	1.2	9.9137	1.2	9.8432	1.0	108.1
Belgium	(BFr)	29.1385	+0.185	210 - 560	29.1580	29.0000	29.1435	-0.2	29.1535	-0.2	29.1085	0.1	110.0
Denmark	(DKr)	5.6125	+0.0026	110 - 140	5.6255	5.5848	5.6195	-1.5	5.632	-1.4	5.6675	-1.0	107.5
Finland	(FM)	4.4085	+0.0237	054 - 115	4.4145	4.3867	4.4105	-0.5	4.4106	-0.2	4.4185	-0.2	85.4
France	(FFr)	4.9708	-0.0053	690 - 725	4.9782	4.9460	4.9798	-2.2	4.9948	-1.9	5.0108	-0.8	106.6
Germany	(DM)	1.4128	+0.0113	123 - 133	1.4148	1.4026	1.4114	1.2	1.4066	1.2	1.3958	1.2	113.2
Greece	(Dr)	231.500	+1.23	500 - 500	232.500	230.020	234	-13.0	238.25	-11.7	256	-10.6	67.8
Ireland	(I£)	1.5939	-0.0015	933 - 943	1.6000	1.5894	1.5947	-0.6	1.5972	-0.8	1.6071	-0.8	-
Italy	(L)	1720.30	-7.45	000 - 060	1739.25	1705.75	1727.05	-4.7	1742.3	-5.1	1804.3	-4.8	63.8
Luxembourg	(LFr)	29.1385	+0.185	210 - 560	29.1560	29.0000	29.1435	-0.2	29.1535	-0.2	29.1085	0.1	110.0
Netherlands	(Fl)	1.5836	+0.0119	830 - 840	1.5882	1.5737	1.582	1.1	1.579	1.1	1.5655	1.1	110.0
Norway	(NKr)	6.2900	+0.0315	885 - 916	6.2995	6.2558	6.2835	1.2	6.275	1.0	6.2505	0.6	98.8
Portugal	(Es)	148.685	+0.995	600 - 770	148.860	147.870	149.245	-4.5	150.455	-4.8	155.435	-4.5	97.3
Spain	(Pta)	129.750	+0.56	700 - 800	130.000	129.330	130.17	-3.9	130.96	-3.7	134.925	-4.0	77.7
Sweden	(SKr)	7.3183	+0.0208	133 - 233	7.3465	7.2800	7.332	-2.3	7.3618	-2.4	7.5098	-2.8	77.8
Switzerland	(SFr)	1.1710	+0.0101	705 - 715	1.1725	1.1630	1.1684	2.6	1.1637	2.5	1.1418	2.5	114.1
UK	(£)	1.5932	-0.0005	929 - 935	1.6010	1.5886	1.5929	0.2	1.5918	0.3	1.5808	0.8	84.7
Ecu	-	1.2942	-0.0041	937 - 947	1.3006	1.2918	1.2932	0.9	1.2915	0.8	1.2881	0.5	-
SDR†	-	0.64689	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9996	-0.0003	995 - 996	0.9996	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	0.9080	+0.0005	070 - 090	0.9090	0.9070	-	-	-	-	-	-	-
Canada	(C$)	1.4033	-0.003	030 - 035	1.4085	1.4030	1.4058	-2.1	1.4102	-2.0	1.4221	-1.3	79.4
Mexico	(New Peso)	6.8650	-0.205	400 - 900	6.8900	6.8400	6.8673	-0.4	6.8704	-0.3	6.8753	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	91.9
Pacific/Middle East/Africa													
Australia	(A$)	1.3729	-0.006	725 - 734	1.3763	1.3683	1.3747	-1.8	1.3795	-1.8	1.4041	-2.3	81.0
Hong Kong	(HK$)	7.7323	+0.0006	318 - 328	7.7329	7.7318	7.7312	0.2	7.7353	-0.2	7.7708	-0.5	-
India	(Rs)	31.6050	+0.0275	900 - 200	31.6800	31.4500	31.885	-3.0	31.93	-4.1	-	-	-
Israel	(Shk)	2.9913	+0.014	888 - 939	2.9939	2.9768	-	-	-	-	-	-	-
Japan	(Y)	88.7250	+0.575	000 - 500	88.7500	88.1000	88.435	3.9	87.815	4.1	84.71	4.5	164.3
Malaysia	(M$)	2.5450	-0.0048	445 - 455	2.5533	2.5445	2.543	0.8	2.5406	0.7	2.535	0.4	-
New Zealand	(NZ$)	1.5378	-0.0058	370 - 387	1.5413	1.5329	1.5418	-3.0	1.5496	-3.1	1.5729	-2.3	-
Philipines	(Peso)	25.9000	+0.08	000 - 000	26.1000	25.7000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-0.0001	503 - 507	3.7507	3.7503	3.7515	-0.3	3.7536	-0.3	3.7655	-0.4	-
Singapore	(S$)	1.4210	+0.0062	205 - 215	1.4215	1.4150	1.4158	4.4	1.4075	3.8	1.381	2.8	-
South Africa	(R)	3.6113	+0.0113	105 - 120	3.6195	3.6015	3.6293	-6.0	3.6668	-6.1	3.8605	-6.9	-
South Korea	(Won)	770.750	+2.3	700 - 800	772.800	769.300	773.75	-4.7	777.25	-3.4	795.75	-3.2	-
Taiwan	(T$)	25.9973	-0.0012	955 - 990	26.0030	25.9680	26.0173	-0.9	26.0573	-0.9	-	-	-
Thailand	(Bt)	24.7000	-	950 - 050	24.7100	24.6900	24.721	-1.0	24.7475	-0.8	24.835	-0.5	-

†SDR rate per $ for Mar 23. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 23. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 24	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.40	4.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.40	4.50	-
France	[illegible]	[illegible]	[illegible]	8	[illegible]	6.00	-	8.00
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	-	8.00
Germany	4.57	4.95	5.00	5.10	5.35	6.00	4.50	4.85
week ago	4.80	4.95	5.00	5.13	5.50	6.00	4.50	4.85
Ireland	[illegible]	[illegible]	7	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	7	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	7.50	10.40
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	7.50	10.40
Netherlands	4.97	5.02	5.10	5.23	5.56	-	5.25	-
week ago	4.97	5.02	5.10	5.27	5.64	-	5.25	-
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.625	3.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.625	3.50	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.25	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.25	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.75	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.75	-
■ $ LIBOR FT London Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.75	6.04	6.23	6.57	-	-	-
week ago	-	5.75	6.08	6.20	6.52	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

ECU Linked Ds mid rates: 1 mth: [illegible]; 3 mths: [illegible]; 6 mths: [illegible]; 1 year: [illegible]. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 24	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	6 1/16 - 5 13/16	6⅛ - 6	8 5/16 - 8 3/16	[illegible]	[illegible]	[illegible]
Danish Krone	7⅛ - 6⅝	7¼ - 6⅞	7 7/16 - 7 3/16	[illegible]	7 13/16 - 7½	7 13/16 - 7½
D-Mark	4 13/16 - 4 11/16	4 15/16 - 4 13/16	4 15/16 - 4 13/16	5 - 4⅞	5⅛ - 5	[illegible]
Dutch Guilder	5 - 4 13/16	5⅛ - 4⅞	5⅛ - 4¾	5¼ - 5	5½ - 5	[illegible]
French Franc	8 - 7¾	8¼ - 8	8½ - 8¼	8½ - 8¼	8¼ - 8	7¾ - 7½
Portuguese Esc.	11 - 10½	10¾ - 10⅜	11¼ - 10¾	11¼ - 10⅞	11½ - 11	12 - 11½
Spanish Peseta	[illegible]	[illegible]	9½ - 8⅞	[illegible]	[illegible]	[illegible]
Sterling	6½ - 6¼	6½ - 6¼	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	3¾ - 3⅝	[illegible]	[illegible]	3⅞ - 3¾	4⅛ - 4
Can. Dollar	8 - 7 13/16	8⅛ - 7 13/16	8⅛ - 8	[illegible]	[illegible]	[illegible]
US Dollar	6 - 5⅞	[illegible]	6⅛ - 6	6¼ - 6⅛	[illegible]	6¾ - 6⅝
Italian Lira	10½ - 9	[illegible]	[illegible]	[illegible]	[illegible]	12⅛ - 12
Yen	2¼ - 2 3/16	[illegible]	2¼ - 2 3/16	2¼ - 2 1/16	2 1/16 - 2	2 - 1 15/16
Asian $Sing	½ - ¼	1⅛ - 1	[illegible]	2¼ - 2⅛	2¾ - 2⅝	3¼ - 3⅛

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.53	93.59	+0.08	93.60	93.52	50,668	515,082
Sep	93.30	93.39	+0.10	93.41	93.30	63,660	323,031
Dec	93.09	93.20	+0.13	93.20	93.09	48,655	252,646

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.10	94.13	+0.05	94.14	94.08	850	16,662
Sep	93.86	93.93	+0.09	93.94	93.85	114	10,294
Dec	93.68	93.76	+0.12	93.75	93.68	107	9,243

All Open interest figs. are for previous day

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 24		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.28	17.06	4.849	2.152	5905	5.435	21.59	510.1	445.3	28.12	4.018	2.154	4.815	3.432	304.4	2.652
Denmark	(DKr)	51.91	10	8.856	2.517	1.117	3065	2.822	11.21	264.8	231.2	13.04	2.086	1.118	2.499	1.781	158.0	1.377
France	(FFr)	58.62	11.29	10	2.843	1.262	3461	3.185	12.65	299.0	261.0	14.72	2.356	1.263	2.822	2.012	178.4	1.554
Germany	(DM)	20.62	3.972	3.518	1	0.444	1218	1.121	4.451	105.2	91.83	5.180	0.829	0.444	0.993	0.708	62.77	0.547
Ireland	(I£)	46.47	8.951	7.927	2.253	1	2744	2.526	10.03	237.0	206.9	11.67	1.867	1.001	2.237	1.595	141.4	1.232
Italy	(L)	1.694	0.326	0.289	0.082	0.036	100.	0.092	0.366	8.639	7.541	0.425	0.068	0.036	0.082	0.058	5.155	0.045
Netherlands	(Fl)	18.40	3.544	3.139	0.892	0.396	1086	1	3.971	93.86	81.93	4.621	0.739	0.396	0.886	0.631	56.00	0.488
Norway	(NKr)	46.33	8.924	7.903	2.247	0.997	2736	2.518	10	236.3	206.3	11.64	1.861	0.998	2.231	1.590	141.0	1.229
Portugal	(Es)	19.60	3.776	3.344	0.951	0.422	1158	1.065	4.231	100.	87.29	4.924	0.788	0.422	0.944	0.673	59.67	0.520
Spain	(Pta)	22.46	4.326	3.831	1.089	0.483	1326	1.221	4.848	114.6	100.	5.641	0.902	0.484	1.081	0.771	68.36	0.596
Sweden	(SKr)	39.81	7.669	6.792	1.931	0.857	2351	2.164	8.593	203.1	177.3	10	1.599	0.858	1.917	1.366	121.2	1.056
Switzerland	(SFr)	24.89	4.795	4.246	1.207	0.536	1470	1.353	5.373	127.0	110.8	6.252	1	0.536	1.198	0.854	75.76	0.660
UK	(£)	46.42	8.942	7.918	2.251	0.999	2741	2.523	10.02	236.8	206.7	11.66	1.865	1	2.235	1.593	141.3	1.231
Canada	(C$)	20.77	4.001	3.543	1.007	0.447	1226	1.129	4.483	106.0	92.48	5.217	0.834	0.447	1	0.713	63.22	0.551
US	($)	29.14	5.613	4.971	1.413	0.627	1721	1.584	6.290	148.7	129.8	7.320	1.171	0.628	1.403	1	88.70	0.773
Japan	(Y)	32.85	6.328	5.604	1.593	0.707	1940	1.786	7.091	167.6	146.3	8.252	1.320	0.708	1.582	1.127	100.	0.871
Ecu		37.71	7.264	6.433	1.829	0.812	2227	2.050	8.140	192.4	167.8	9.472	1.515	0.812	1.816	1.294	114.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	0.7141	0.7071	-0.0075	0.7148	0.7047	24,159	53,977
Sep	0.7135	0.7085	-0.0075	0.7158	0.7080	42	1,843
Dec	-	0.7120	-0.0075	0.7125	0.7100	28	369

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	0.8647	0.8563	-0.0088	0.8648	0.8537	14,830	26,832
Sep	0.8693	0.8620	-0.0088	0.8695	0.8600	52	2,298
Dec	-	0.8679	-0.0088	-	0.8670	5	134

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	1.1446	1.1349	-0.0100	1.1457	1.1305	23,449	58,010
Sep	1.1552	1.1480	-0.0102	1.1558	1.1445	145	2,332
Dec	1.1701	1.1618	-0.0105	1.1701	1.1590	18	368

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	1.5928	1.5918	-0.0014	1.5990	1.5854	5,137	21,298
Sep	-	1.5888	-0.0014	1.5960	1.5820	30	148
Dec	-	1.5844	-0.0014	1.5900	1.5780	2	11

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.525	6.81	7.18	7.64	0.10	0.55	1.12
1.550	4.61	5.24	5.87	0.40	1.09	1.81
1.575	2.78	3.59	4.34	1.04	1.92	2.88
1.600	1.46	2.35	3.06	2.18	3.06	3.90
1.625	0.65	1.42	2.16	3.81	4.91	5.39
1.650	0.23	0.80	1.43	5.88	6.48	7.13

Previous day's vol., Calls 5,330 Puts 6,785 . Prev. day's open int., Calls 229,820 Puts 318,126

■ Pound in New York

Mar 24	Close	Prev. close
£ spot	1.5935	1.5958
1 mth	1.5932	1.5947
3 mth	1.5921	1.5902
1 yr	1.5812	1.5825

FT GUIDE to WORLD CURRENCIES
The FT Guide to World Currencies table can be found on the Emerging Markets page in today's edition.

BANK RETURN

BANKING DEPARTMENT	Wednesday March 22, 1995	Increase or decrease for week
Liabilities	£	£
Capital	14,553,000	-
Public deposits	998,008,065	-221,451,727
Bankers deposits	1,923,147,077	+119,839,691
Reserve and other accounts	3,576,740,352	+188,948,161
	6,512,448,494	+87,336,125
Assets		
Government securities	1,401,053,456	+302,770,000
Advance and other accounts	4,439,353,191	-62,241,527
Premise, equipment and other secs	667,565,971	-149,490,919
Notes	4,292,840	-3,714,477
Coin	163,036	+13,048
	6,512,448,494	+87,336,125
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	18,295,707,160	+33,714,477
Notes in Banking Department	4,292,840	-3,714,477
	18,300,000,000	+30,000,000
Assets		
Other Government securities	13,704,006,533	-106,855,131
Other Securities	4,595,993,467	+136,855,131
	18,300,000,000	+30,000,000

UK INTEREST RATES

LONDON MONEY RATES

Mar 24	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7½ - 5	6⅝ - 6⅛	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	6⅛ - 6	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	[illegible]	[illegible]	[illegible]	[illegible]	7 - 6⅞	7⅝ - 7½
Discount Market deps	[illegible]	7¼ - 6½	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	5	5¼	5¼	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount 6.0805pc. ECGD fixed rate Stg. Export Finance. Make up day Feb 28, 1995. Agreed rate for period Mar 26, 1995 to Apr 25, 1995, Schemes II & III 8.06pc. Reference rate for period Feb 1, 1995 to Feb 28, 1995, Schemes IV & V 6.795pc. Finance House Base Rate 7pc from Mar 1, 1995

BANK OF ENGLAND TREASURY BILL TENDER

	Mar 24	Mar 17		Mar 17	Mar 10
Bills on offer	£700m	£700m	Top accepted rate	6.1197%	6.0365%
Total of applications	£2900m	£2246m	Ave. rate of discount	6.0805%	6.0311%
Total allocated	£700m	£700m	Average yield	6.1741%	6.1232%
Min. accepted bid	£98.475	£98.495	Offer at next tender	£800m	£700m
Allotment at min. level	59%	83%	Min. accept. bid 182 days		-

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Ltd is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75	* In administration	
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	●Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

FT GOLD MINES INDEX

	Mar 24	% chg since 30/12/94	Mar 23	Mkt Cap $bn	% of Gold Mines	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1823.72	-7.7	1842.27	45.14	100.00	2.32	2337.90	1637.81
■ Regional indices								
Africa (16)	2514.58	-21.2	2573.87	13.36	29.59	5.39	3711.87	2304.45
Australasia (7)	2122.03	-13.5	2100.37	5.45	12.07	1.98	2961.49	1788.20
North America (11)	1584.23	+2.6	1596.21	26.33	58.34	0.83	1911.21	1348.16

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
150	F.P.	517.3	187	154	Albright & Wilson	165		RN6.0	1.5	4.5	18.3
-	F.P.	18.4	201	175	Beals	180		HN5.9	-	4.1	-
-	F.P.	31.3	138	123	Colleagues	138	+10	-	-	-	-
§128	F.P.	15.6	135	130	Dailywin	130		RN6.0	2.2	5.8	8.8
§130	F.P.	45.7	138	138	Datrontech	136		N-	-	-	15.8
100	F.P.	30.0	101	100	Geared Inc Inv C	100		-	-	-	-
§135	F.P.	18.1	138	118	Golden Rose	120	-1	-	-	-	-
100	F.P.	161.8	101	95	HTR Inc Gth Sp Inc	101		-	-	-	-
100	F.P.	94.0	105	102	Do. Zero Div Pf	104½		-	-	-	-
-	F.P.	9.40	20	17	Inv Cap Warrants	19		-	-	-	-
-	F.P.	21.6	87	83	Inv Tst of Inv Tsts	84		-	-	-	-
-	F.P.	2.81	58	55	Do. Warrants	58		-	-	-	-
-	F.P.	0.38	5	3	Melrose Warrants	3½		-	-	-	-
100	F.P.	23.8	95	90	Montanaro UK Sm	95	+1	-	-	-	-
-	F.P.	2.16	48	43	Do. Warrants	43		-	-	-	-
475	170	6,068.5	193	163½	*Natl Power (P/P)	189	+1½	FN16.45	2.8	4.1	13.0
512	185	4,050.8	208	178½	*PowerGen (P/P)	189	+1½	FN15.0	3.2	3.8	11.1
-	F.P.	80.7	510	493	Schroder 1 G Uts	610	+5	-	-	-	-
80	F.P.	3.34	60	43	Superframe	43	-3	RN2.0	1.5	5.8	10.6
-	F.P.	0.04	8	7	Do. Warrants	7		-	-	-	-
-	F.P.	24.3	102	100	Throg Dl Zero Pf	102		-	-	-	-
145	F.P.	83.4	183	170	Zotefoams	176	+1	W4.65	2.1	3.3	17.7

* Note: Issue price 10p higher for institutional and overseas investors.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994/95 High	1994/95 Low	Stock	Closing price p	+or-
80	Nil	28/4	7pm	2pm	Acorn Computer	5½pm	
28	Nil	10/4	7pm	1pm	Beauford	1pm	
175	Nil	20/4	28pm	6pm	Cookson	26pm	+3
90	Nil	11/5	36pm	25pm	Horace Small	34pm	
8	Nil	3/5	2¼pm	¼pm	Rhino	¼pm	
39	Nil	-	1½pm	1¼pm	Unit Group	1½pm	
52	Nil	20/4	14pm	7pm	Wyko	14pm	

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

■ "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Weekly percentage changes are calculated on a Friday to Friday basis.

STOCK INDICES

[illegible]

CONTRACTS & TENDERS

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
UK, Prof Advisers 0800 414101 — Jersey: 01534 71696
Private Clients 0800 414181 — 00 352 25040430
From O'seas (44) 1732 777377 — Hong Kong (853) 848 1000

	Init Chrge	Notes	Selling Price	Buying Price	Yield Gr's	City-Line
A$ Accum			A$17.385		8.50	4097
A$ Dist			A$15.136xd		8.50	4098
ASch Accum			Sch239.07		3.80	4764
ASch Dist			Sch201.02xd		3.80	4763
BFr Accum			BFr538.06		5.20	4099
BFr Dist			BFr503.18xd		5.30	4098
C$ Accum			C$17.369		7.00	4091
C$ Dist			C$15.142xd		7.40	4090
DKr Accum			DKr109.05		5.70	4091
DKr Dist			DKr100.69xd		5.70	4092
DM Accum			DM38.753		3.00	4128
DM Dist			DM30.166xd		3.80	4129
DFl Accum			Dfl30.403		3.00	4093
DFl Dist			Dfl25.143xd		3.90	4092
ECU Accum			Ecu12.884		6.60	4126
ECU Dist			Ecu10.072xd		5.50	4125
FM Accum			FM105.43		3.80	4094
FM Dist			FM100.25xd		3.80	4095
FFr Accum			FFr62.940		8.10	4102
FFr Dist			FFr50.384xd		8.10	4105
HK$ Accum			HK$112.12		0.00	4136
HK$ Dist			HK$102.86xd		0.00	4129
I£ Accum			I£11.458		4.70	4093
I£ Dist			I£10.063xd		4.70	4447
Lire Accum			L20808		8.10	4136
Lire Dist			L15173xd		8.10	4147
NZ$ Accum			NZ$36.432		7.80	4154
NZ$ Dist			NZ$30.322xd		7.00	4156
NKr Accum			NKr106.17		3.80	4096
NKr Dist			NKr100.56xd		3.90	4097

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.
Intl Currencies Fd Ltd

	Init Chrge	Notes	Selling Price	Buying Price	Yield Gr's	City-Line
US$			$40.86		8.85	4707
Canadian $			C$51.52		8.06	4708
£ Sterling			£29.45		4.94	4709
D-Mark			DM51.04		3.89	4710
Swiss Francs			SF464.29		2.28	4711
Japanese Yen			Y9588		1.22	4712
Managed Fund			$43.05		-	4713

Latest Fund Prices 24hr service 01481 710043

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 246, St Peter Port, Guernsey 01481 723021

	Init Chrge	Notes	Selling Price	Buying Price	Yield Gr's	City-Line
GlobalSar Dollar Accum		5	$28.84	28.49	-	4488
GlobalSar Dollar Dist		5	$25.37xd	25.93	2.00	4489
GlobalSar-£		5	£16.21xd	17.30	3.26	4490
(Accum Units)		6	£18.83	19.97	-	4493

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey 01481 710851

	Init Chrge	Notes	Selling Price	Buying Price	Yield Gr's	City-Line
European Bd $		3	$11.0524	11.4383	7.62	4407
Approx Stlg Equiv		3	£6.9399	7.2029	7.82	4408

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Emerging Mkts Liquid Inv Pfolio	$11.10	11.66	-	48063

Apollo Investment Management Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Japan	£9.838	10.403	-	-
Tiger	£9.424	10.029	-	53497

Arab Bank Fund Managers (Guernsey) Ltd
AB International Fund Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Managed Currency	$10.81	10.85	-	47941
International Bond	$10.97	11.01	-	47940

Bachmann Global Investment Fund Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Capital Gilt & Stlg Fxd Intl	£17.83	17.88	-	45801
US Dollar Intl Bond & Cry	$152.37	156.72	-	45807
Sterling Intl Bond & Cry	£100.13	102.92	-	50129
Global Equity	£8.63	9.08	-	50130
Intl Equity Index	590.39	102.99	-	-

GT Asset Management (Ireland) Ltd
(44) 171 710 4567 London — (852) 842 7200 Hong Kong

[illegible]

Dynamic Pacific Portfolio Fund Plc
NAV — $7.36 — 52201

Egerton Capital European Fund Plc
NAV Mar 22 — £9.88

Emerging Dynamic Fund Plc
NAV — $3.10 — 63546

F.I.T. Investment Trust Ltd (u)

Frandlington Investment Mgmt (Ireland) Ltd

[illegible]

City Financial Admin (IoM) Ltd

Duncan Lawrie Inv. Mgt. Ltd

John Govett Management (IoM) Ltd

IBI Managers (IoM) Ltd

[illegible]

Jupiter Tyndall (Jersey) Ltd

Lloyds Private Banking (CI) Ltd

Lombard Odier (Jersey) Ltd

[illegible]

Disa Income Fund

Dolphin Intl Investments (u) SICAV

Dresdnerbank Asset Mngmt SA (u)

[illegible]

Nikko Japan Return Reversal Fund

Nomura Global Fund (u)

PRICOA Worldwide Inv Portfolio Sicav (u)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	Wk% ch'nge	Div net	Div cov	Dividends paid	Last xd	City line
Barings 8pc Cm 2nd Prf		60½#	—	8%	–	Jun Dec	14.11	1757
9¼pc Non-Cum Prf		4⅛#	—	9¼%	–	Jan Jul	14.11	1421
Cater Allen	♣†N☐	450	–.4	28.3	1.8	Jan Jul	12.12	2081
Close Bros	♣†N☐	280xd	1.6	7.9	2.0	Apr Oct	13.3	2109
Gerrard & Nat	♣†N☐	475	–1.4	24.8	1.3	Jul Dec	7.11	2698
Hambros	N☐	214	–.5	15.5	1.1	Aug Dec	28.11	2612
7½pc Cv Pf		95xd	—	7½%	–	Oct Apr	20.3	4308
Joseph (L)	♣†N	383	—	17.65	1.9	Sep Dec	5.12	3060
King & Shaxson	♣N	67	—	9.0	1.1	Jan Jul	10.12	3098
Kleinwort Benson	♣g†N☐	683xd	6.4	21.5	2.1	May Oct	27.2	3102
Rea Bros	♣†N☐	58	—	0.95	3.2	May Oct	26.8	3765
Schroders	♣g†N☐	1530	2.8	20.5	8.0	May Oct	12.9	3939
N/V	gN	1358	2.3	20.5	5.9	May Oct	12.8	3941
Singer & Fdlnd	♣N☐	82½	0.6	3.5	φ	Nov Jun	10.9	4628
Union	♣N☐	82xd	12.5	3.0	φ	Apr Oct	13.3	4363
Warburg (SG)	♣N☐	730	0.0	22.0	2.4	Jul Dec	14.11	4425
Wintrust	♣†N	210xd	2.4	10.0	1.5	Oct Mar	20.2	4524

BANKS, RETAIL

	Notes	Price	Wk% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
ABN Amro Fl	☐	£21½	–4.4	Q64%	φ	Sep May	9'93	–
ANZ A$		222	–3.1	Q25c	2.4	Jan	12'93	–
Abbey National	gN☐	453xd	4.8	17.75	2.6	May Oct	13.3	6411
Allied Irish IE	♣N☐	289xd	1.5	Q57.1%	2.7	Oct Apr	20.2	1354
Anglo Irish IE	N☐	58	–2.0	Q17.8%	1.8	Jan Jul	28.11	1355
Asahi Y	☐	859¾	–7.5	Q14%	1.3	Jun Dec	12'92	3049
Banco Bil Viz Pta	☐	515½	–2.1	Q27.2%	2.7	JyOcJaAp	7'93	–
Banco Sant Pta		524¾	—	Q94.7%	φ	Apr Oct	1.6	–
Bk Ireland IE	†N☐	383	3.0	Q14.7%	3.2	Jun Jul	21.11	1380
Bank Scotland	♣†N☐	219½	3.8	5.31	3.3	Jul Dec	17.10	1742
9¼pc Pf		118	0.8	9¼%	–	May Nov	17.10	1482
9¼pc Pf		136¼	0.0	9¼%	–	May Nov	17.10	1685
[illegible]								

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind		E32½	——	Q450c	ф	Oct Mar	3'93	-
Barlow	♣	R6¼	——	Q66c	2.8	Jan Jul	12.12	-
Gold Flds Prop R		147xa	2.1	Q80c	ф	Feb Sep	1'94	-
MK Props		60	——	Q87.1c	-	Feb Sep	10'93	-
SASOL	♥	589	-1.3	Q78c	-	Oct	9'93	-
SA Brews	†	E17½	-1.4	Q158c	2.2	Jan Dec	21.11	-
Tiger Oats		875	2.9	Q85c	2.6	Jan Jul	12.12	-
Tongaat-Hulett	††	680	0.5	Q80c	2.4	Feb Aug	1'94	-

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ф Figures or report awaited.
- ♥ Rule 2.10(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- § Forecast dividend: cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. z Dividend includes a special payment: Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/or rights issue. H Dividend based on prospectus or other official estimates for 1995. K Dividend based on prospectus or other official estimates for 1994. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1995-96. N Figures based on NMR "Headline Earnings". P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: GET (Dstrbs), Beverley (Eng), Oryx Int'l Ord & Cv Ln '05 and Montgomery Emrg Comms (Inv Co's), Fishers Int'l (Other Fincl), Bath Press and Photobition (Paper P & P). Deletions: Wiggins (Bldg Cnstr), Parkdean Leis (Leis & Htls), Porth (Other Srv Bsn), Sth East Asain Wrt (Inv Co's), Portals (Paper P & P) and Shoprite Ord & 7¾pc Pf '08 (Rtl Food).

FT Free Annual Reports Service

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FT Cityline

For up-to-the-second share prices call FT Cityline on 0336 43 or 0891 43 followed by the four-digit code listed after the share price. Calls charged at 39p per minute cheap rate and 49p per minute at all other times.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 0171-873 4378 (+44 171 873 4378, International) for more information on FT Cityline.

4 pm close March 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on next page

4 pm close March 24

NYSE COMPOSITE PRICES

Continued from previous page

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close	Chng Prev. Close
40⅛	32¾	Salomn	0.64	1.9	0	3097	33¼	32¾	33	+⅛
21⅛	19½	SnDgGE	1.58	7.7	17	601	20½	20½	20⅝	+¼
10	8	SantaFeERs	0.10	1.7	180	3948	9⅝	9⅝	9⅝	
12¾	9	SFeCd			24	3632	11⅝	11¼	11⅜	-⅛
36¾	33¼	SFePPipe	2.80	7.8	9	71	36½	36	36	-⅜
23⅛	17⅛	SanFeP	0.10	0.4	21	2252	22¾	22⅜	22⅝	+¼
27¾	24¼	SaraLee	0.68	2.5	55	5834	u27¾	26⅞	27½	-⅛
45¾	41⅛	Scana Corp	2.68	6.9	12	2740	41⅞	41⅝	41⅞	+⅛
18¾	14½	Scecrp	1.00	8.3	10	2645	16	15¾	15⅞	+⅛
11¼	8½	SchawkA	0.26	3.0	21	60	8⅝	8⅝	8⅝	-½
49	42⅜	SchergPl			30	498	u49¼	49	49	
79⅝	71	SchrPl	2.84	2.0	16	2517	77⅝	77	77¼	+¼
59¾	50⅛	Schlmb	1.20	2.1	26	2435	58¾	58⅛	58½	-⅛
32⅝	22⅛	Schwab(C)	0.24	0.8	20	2667	31¾	31⅛	31⅛	-⅜
10⅞	7¾	Schweitzer			0	411	10½	10	10⅛	
24½	17½	SciAtl	0.56	0.3	30	2312	24⅛	23⅞	23⅞	-⅛
18⅝	16⅞	Scotsman	0.10	0.8	12	32	18¼	18⅛	18½	+⅛
88⅞	61⅛	ScottP	0.60	0.9	24	3386	67⅞	65⅞	66⅜	-1⅞
32¾	26⅞	Scripps	0.44	1.4	19	203	31½	30⅞	31½	+½
21½	14⅜	ScudderNAsF	0.02	0.1		135	15⅛	15⅛	15⅛	
9¼	8¼	ScudderNEuF	0.16	1.8		250	9	8⅞	8⅞	-⅛
14⅞	13⅜	SeaCnB	0.70	4.8	9	2	14½	14½	14½	
18	14⅛	SeaC1.4825	1.48	9.7		8	15	15	15	-½
20	23⅝	S'gate			7	4031	28⅞	28⅛	28½	+½
31⅞	28⅜	Seagrm	0.60	1.9	14	2426	u32¼	31¾	32	+⅛

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

- T -

[illegible]

- U -

[illegible]

AMEX COMPOSITE PRICES

4 pm close March 24

[illegible]

4 pm close March 24

NASDAQ NATIONAL MARKET

[illegible]

FT GUIDE TO THE WEEK

MONDAY 27

EU social affairs council

European Union social affairs ministers consider terms and conditions for workers posted to another member state. A directive, first mooted in 1991, was designed to set common standards, but ministers are split between those who want the rules of the host country to apply from the first day of work and those who want a grace-period.

US and Japan discuss cars

The US is demanding deregulation of the market for replacement parts and insisting that Japanese dealers agree to sell more foreign cars as the two sides meet in Tokyo.

Clinton receives Bolger

New Zealand's prime minister Jim Bolger is due to call on President Clinton at the White House, the first meeting between a NZ premier and a US president for 11 years and seen as marking the end of the row over US nuclear vessels being banned from visiting New Zealand ports.

Animal journeys deal unlikely

European Union agriculture ministers meeting in Brussels try again to end deadlock over the transport of live animals. France, which holds the EU presidency, has left on the table compromise proposals it put forward in February, setting limits on journeys depending on the type and age of animal. They were not enough to win over Britain and Germany. Several southern states remain opposed to limits on journey time.

Havel on far east trip

Vaclav Havel, president of the Czech Republic, officially begins his first visit to Australia, accompanied by finance minister, Ivan Kocarnik, as well as trade, banking and business representatives.

Iliescu visits Albania

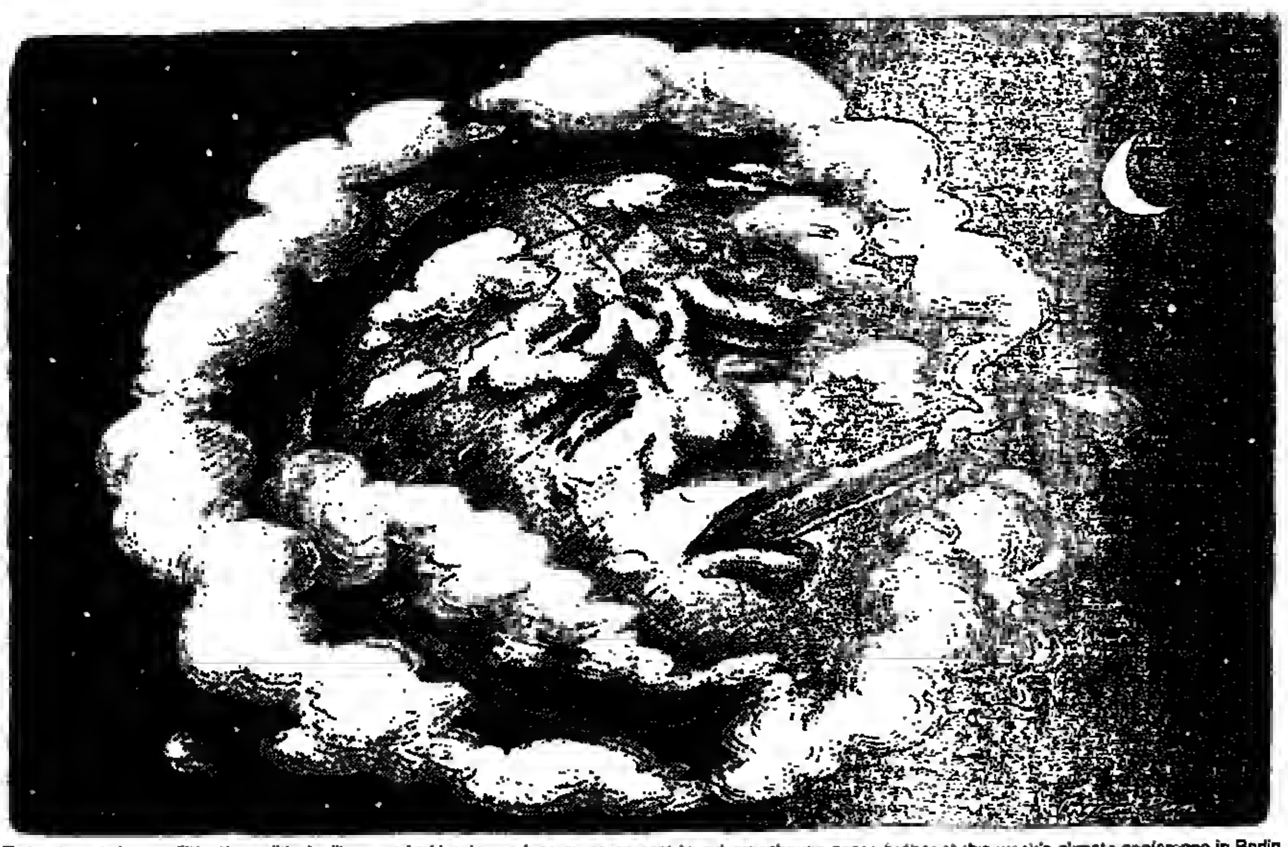
President Ion Iliescu of Romania, on a two-day visit to Albania, the first by a Romanian head of state since the collapse of communism, is due to sign economic and cultural accords.

EU official visits Geneva

Jürgen Trumpf, who as secretary general of the European Council is the top civil servant in Brussels, visits Geneva for talks with Sadako Ogata, United Nations high commissioner for refugees, and Ayala Lasso, UN commissioner for human rights.

Academy Awards ceremony

Hollywood's finest gather for presentation of the gold statuettes. A few perplexed British faces will be among the tuxedos: Alan Bennett and Nigel Hawthorne contending for Oscars for *The Madness of King George*, and screenwriter Richard Curtis for *Four Weddings and a Funeral*.



Trying to cut down a little: the political will seems lacking to produce an agreement to cut greenhouse gases further at this week's climate conference in Berlin

But this may be the US's year, with *Forrest Gump* sweeping through the top awards and only Jessica Lange (best actress favourite) surviving the Forrest fire.

Holidays

Burma (Armed Forces Day).

TUESDAY 28

Hot air on global warming

Up to 5,000 delegates, observers and journalists from more than 100 countries assemble in Berlin for the biggest environmental conference since the 1992 earth summit in Rio (to April 7). The subject is climate change.

Hopes for an extension of the Rio commitment to cut emissions of carbon dioxide, the most common of the "greenhouse gases" to 1990 levels by the year 2000, may prove forlorn.

Signs are that resistance to further action from the Opec states and some developing countries will prove hard to overcome. Even some OECD states, such as the US, Canada and Australia, have strong reservations.

Kozyrev starts Mideast trip

Andrei Kozyrev, Russia's foreign minister, visits the Middle East. Russia's increasing assertiveness in the region's politics is causing increasing tensions with the US. Against the wishes of the Clinton administration, Russia is still determined to sell nuclear technology to Iran and favours a lifting of UN economic sanctions against Iraq.

WTO financial services

Negotiators on financial services meet at the World Trade Organisation in Geneva to review progress towards a liberalisation deal ahead of the June 30 deadline. The US says other countries must improve their market-opening offers before it will agree to open the full range of financial services to all-comers.

Japanese mission to N Korea

Japan's ruling coalition parties send a team to North Korea to pave the way for talks on normalising diplomatic relations following Pyongyang's agreement to end its nuclear weapons programme.

Fed policy-makers meet

With abundant signs of a cooling economy, analysts predict that the US Federal Open Market Committee will not raise interest rates.

FT Survey

Poland.

WEDNESDAY 29

Finnish parliament sits

Finland's parliament sees the first gathering of the country's 200 MPs since the Social Democrats won the general election 10 days ago. It gives President Martti Ahtisaari the chance to invite Paavo Lipponen, the Social Democratic leader, to form a coalition government – but only if informal talks with potential partners have progressed sufficiently well. The Social Democrats are expected to team up with the Conservatives and the Swedish People's Party rather than defeated prime minister Esko Aho's Centre party.

EPP holds conference

The European People's Party, the leading Christian Democrat umbrella in Europe, hosts a conference in Brussels which should move it nearer to a pan-European party dedicated to closer political and economic integration.

WTO body seeks disputes

The World Trade Organisation's disputes body, which meets in Geneva, may have to wait for its first case. Malaysia last week said it was lifting barriers to petrochemicals imports from Singapore, which planned to ask today for a disputes panel to rule on its complaint.

FT Survey

Danish Banking and Finance.

Holidays

Central African Republic, Madagascar, Taiwan (Youth Day).

THURSDAY 30

Santer receives Maltese PM

Jacques Santer, president of the European Commission, meets Malta's prime minister Eddie Fenech-Adami. Malta is pressing for early admission to the European Union, and the meeting is expected to cover the island's impressive progress in meeting the economic criteria for membership.

Perry to visit CIS members

William Perry, US defence secretary, starts a tour of Commonwealth of Independent States members Ukraine, Russia, Kazakhstan and Uzbekistan, to discuss military relations and defence conversion.

Specter to run for president

Senator Arlen Specter, the Pennsylvania Republican known for his tough prosecutorial style at Congressional hearings, will announce his candidacy for the 1996 Republican presidential nomination, running as a moderate.

Bundesbank council meets

The policy-making body of the German central bank holds its fortnightly meeting against a background of nervous financial markets and the Fed meeting on Tuesday. No interest rate changes are expected this time – though a rise is likely later in the year. The strong D-Mark has even raised hopes that rates could be trimmed.

Oil pipeline to Greece

Greece's foreign minister, Carolos Papoulias, starts a two-day visit to Bulgaria. Talks will focus on a plan to build a $600m oil pipeline to take Russian oil from Bulgaria's Black Sea port of Varna to the Greek port of Alexandroupolis in the northern Aegean, by-passing the congested Bosporus shipping route.

Strike threat in France

French railway and metro unions are threatening a strike in support of pay claims, part of a flurry of industrial disputes which have affected Renault, the car manufacturer, and Air Inter, the domestic airline. Unions are taking advantage of the run-up to the presidential election to press for higher wages.

FRIDAY 31

Japanese deregulation plan

A keenly awaited five-year economic deregulation programme is due to be announced, in an attempt to stimulate competition, reduce business costs and encourage imports. The first draft has disappointed Japanese business lobbies, the US and the European Union. A weak final plan may arouse fears that Japan's trade surplus will be slow to shrink, so putting more upward pressure on the yen.

UN mandate in Croatia ends

The mandate for United Nations peace-keeping troops in Croatia expires at midnight. However, Croatia's President Franjo Tudjman has agreed they can stay, averting renewed hostilities.

Clinton marks Haiti pull-out

US President Bill Clinton visits Haiti for a ceremony marking the withdrawal of US troops and their replacement by a US-led multinational peacekeeping force.

Statement on India's trade

P Chidambaram, India's commerce minister and strong advocate of the government's liberalising economic reforms, makes the annual announcement of amendments to the country's trade policies. Industrialists say they expect Mr Chidambaram to offer a "burst" of further reforms, streamlining import and export procedures and possibly removing additional licences in some sectors.

Cricket

The West Indies and Australia start their first test match in Bridgetown, Barbados (to April 2).

FT Survey

Tokyo Capital Markets.

Holidays

Indonesia.

SATURDAY 1

Your place or mine?

The Marriage Act comes into effect in England and Wales, allowing weddings to be held in premises other than churches and register offices. In Scotland the authority to conduct a marriage ceremony is vested solely in the person conducting the ceremony, with no part played by the building in which it takes place.

Young blades on the Thames

The 141st University Boat Race between Oxford and Cambridge is held from Putney to Mortlake on the River Thames in London.

SUNDAY 2

Major embarks on US trip

UK prime minister John Major visits the US. The Northern Ireland peace talks are expected to top the agenda for his discussions with President Clinton.

Daylight saving time starts

The US and Canada put clocks forward one hour.

Compiled by Patrick Stiles.
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ECONOMIC DIARY

Other economic news

Monday: US existing home sales fell sharply in January, with the latest Beige Book report suggesting a further drop last month before recovery in the spring. Italian factory gate inflation is forecast to have risen in January.

Tuesday: US consumer confidence is expected to show a deterioration for March as the Federal Open Markets Committee meets to discuss a possible rise in interest rates.

Wednesday: US new home sales are predicted to have dropped in February despite reports of a pick-up in activity from some housebuilders. The Italian unemployment rate is believed to have dropped below 12 per cent in January.

Thursday: Little change is expected in the number of new claimants for unemployment benefit in the US in the week ending March 25. Japanese industrial production should have rebounded last month after the big fall caused in January by the Kobe earthquake, restoring the upward trend of the past year.

Friday: The final estimate of US gross domestic product in the fourth quarter may be revised downwards slightly because of weak December retail sales figures.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	US	Feb existing home sales	-	3.59m
March 27	Japan	Jan overall pers consump expend**	-1.7%	-3.1%
	Japan	Ditto, workers**	-	-4.4%
	Japan	Jan income, workers**	-	-4.7%
Tues	*US*	*Mar consumer confidence*	97.0	99.0
March 28	US	*Johnson Redbook w/e Mar 25*	-	0.6%
	Italy	Jan indust production	7.2%	6.1%
	Spain	Jan indust production**	7.2%	7.7%
Wed	US	Feb new home sales	650,000	679,000
March 29	Japan	Feb retail sales**	-2.4%	-2.7%
	Japan	Mar wh'sale price indx, 2nd 10 days	-	-0.3%
	Italy	Jan unemployment rate	11.9%	12.1%
Thur	US	Initial claims w/e Mar 25	340,000	364,000
March 30	US	*State benefits w/e Mar 18*	-	2.55m
	US	*Mar agriculture prices*	-	0.0%
	Japan	Feb indust production†	1.7%	-1.5%
	Japan	Feb shipments†	-	-2.8%
	Aus'lia	Feb current a/c	-A$2.3bn	-A$2.29bn
Fri	US	4th qtr gross dom prod final	4.6%	4.6%
March 31	US	4th qtr gross dom prod deflator final	1.3%	1.3%
	US	4th qtr after tax corp profit	3%	2.5%
	US	Mar Chicago Ass purch managers†	-	62.7%
	US	Mar Michigan sentimental final	-	91.6
	US	Feb factory orders	0.4%	0.6%
	US	Feb factory inventories	-	1%
	US	Feb export price indx	-	0.9%
	US	Feb import price indx	-	0.2%
	Japan	Feb unemployment rate	2.9%	2.9%
	Japan	*Feb job offers/seekers ratio*	0.65	0.66
	Japan	*Feb consumer price indx, nation***	0.2%	0.6%
	Japan	Ditto, ex-perishables**	0.3%	0.3%
	Japan	Feb construction orders**	-	-16.7%
	Japan	Feb housing starts**	0.8%	-5.6%
	Japan	Feb construction starts**	-	-6.9%
	France	Feb unemployment rate	12.3%	12.3%
During the week...				
	Germany	*Mar prelim cost of living**	*0.2%*	0.4%
	Germany	*Mar prelim cost of living***	2.4%	2.4%
	Germany	Jan indust production*	0.1%	2%
	Germany	Jan manufacturing output*	0.2%	1.7%
	Germany	Feb Ifo consumer climate	-	89
	Germany	Feb import prices*	0.1%	0.5%
	Germany	Feb import prices**	2%	2.2%
	Italy	Mar official consumer price indx*	-	0.8%
	Italy	Mar official consumer price indx**	-	4.3%
	Italy	*Feb M2-3month average***	3.2%	1.2%
	Italy	Feb balance of payments	-L3.5Tr	-L3.6Tr

*month on month. **year on year. †seasonally adjusted *Statistics, courtesy MMS International.*

MONDAY PRIZE CROSSWORD

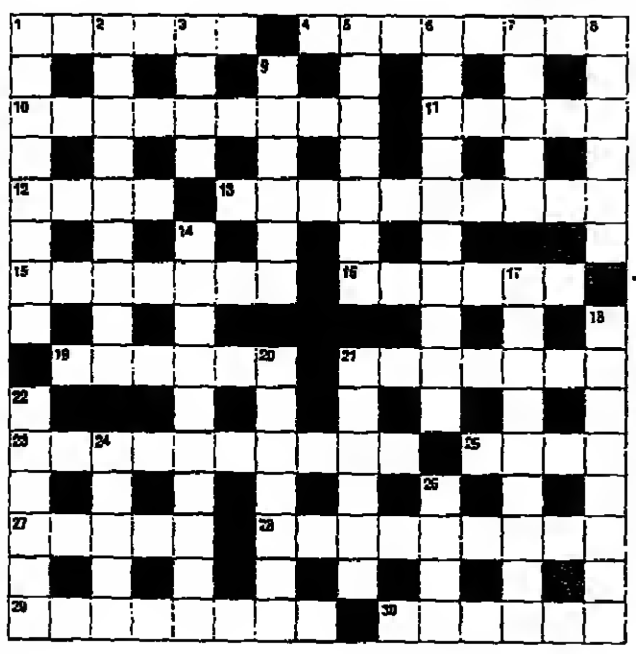
No.8,721 Set by VIXEN

ACROSS

1 Taken aback if and when company is a complete disaster (6)
4 Roman poet playing Lulu in musical (8)
10 Children going well (9)
11 Store, we hear, for the multitude (5)
12 Lack of American intelligence (4)
13 Publication of Hard Times? (6,4)
15 Puzzle no longer translated? (7)
16 Hurry to see grown-up chicken crossing a street (6)
19 Outstanding aid (6)
21 Young woman posing as model (7)
23 Government statement not used by the Financial Times? (5,5)
25 Tin-opener, small and dainty (4)
27 Plays doctor, joining American Medical Association (5)
28 Famous person in expedition outside Boar's Head (9)
29 Uses translation to hold writers in tense uncertainty (8)
30 Execute live leader (6)

DOWN

1 Father, having to be disapproving (8)
2 A receiver, receiving complaint, reveals wealth (9)
3 Loose cloak or carbon copy (4)
5 Agony of island in part of Scotland seen by Highland leader (7)
6 Release a part? That's not generous (10)
7 Slow movement of ringleader in gaolbreak (5)
8 Vessel with wood lining for meat (6)
9 Organs essential for Italian in European uprising (6)
14 Making everyone repeat, repeat initial sounds (10)
17 Former reels with dances (9)
18 Sportsman seen to be favourite (4-4)
20 Currency is provided by saint (7)
21 Work under river, not on the surface (6)
22 In supermarkets we desire vegetables (6)
24 Mother is going out to see Muslim leaders (5)
26 Skilful introduction of head of brewery to beer (4)



A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday April 6, marked Monday Crossword 8,721 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday April 10. Please allow 21 days for delivery of prizes.

Name...

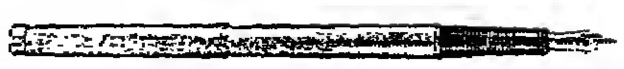
Address...

....

Winners 8,709

Mrs E. Bousfield, Tichborne, Hants
E.W. Micallef, Balzan, Malta
D. Munro, Harrogate
Mrs H. Tyler, Stortford, Herts
W.F. Wells, Bottisham, Cambs
Eleanor West, London SW13

Solution 8,709



JOTTER PAD